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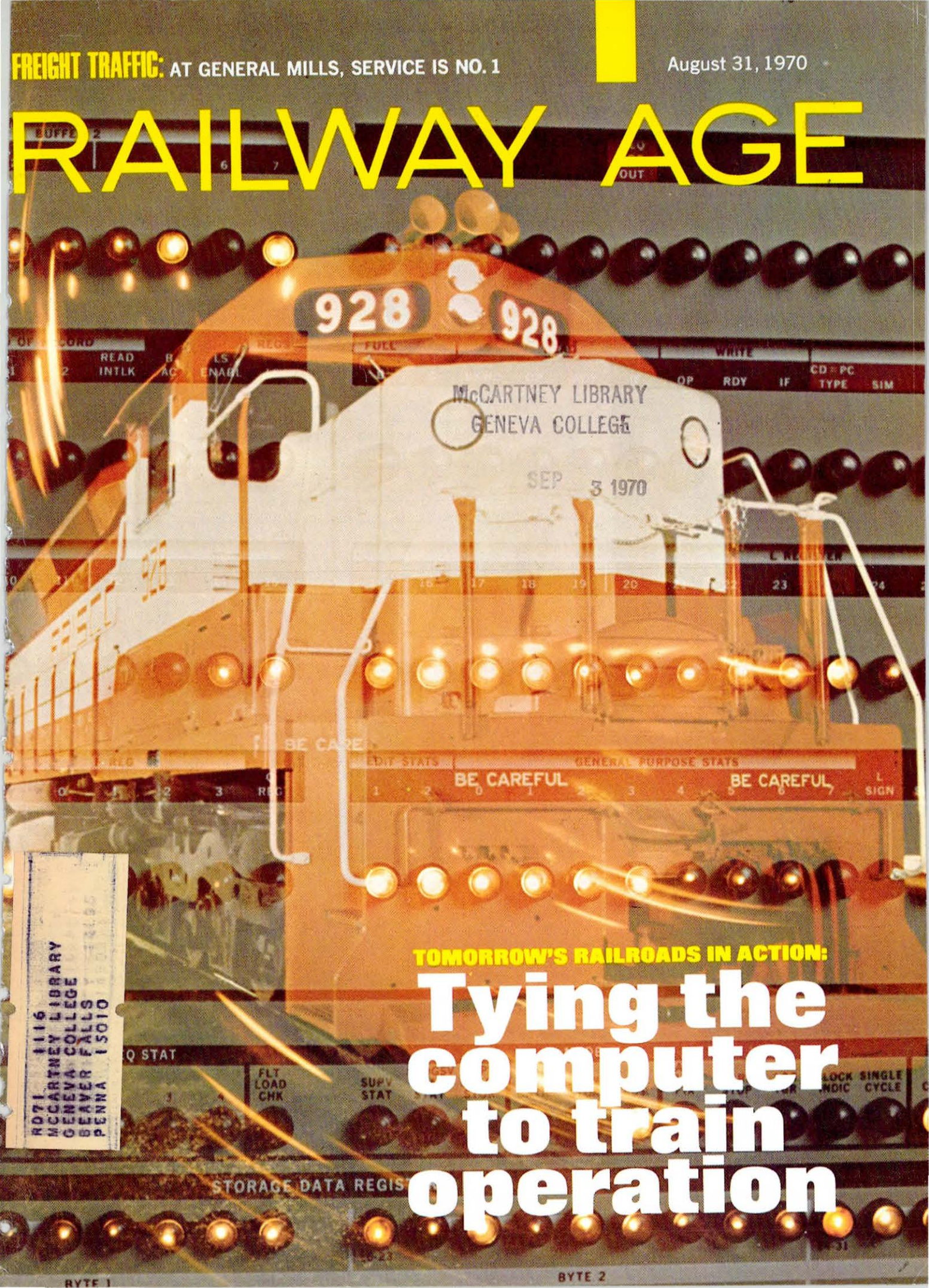
August 31, 1970

# RAILWAY AGE

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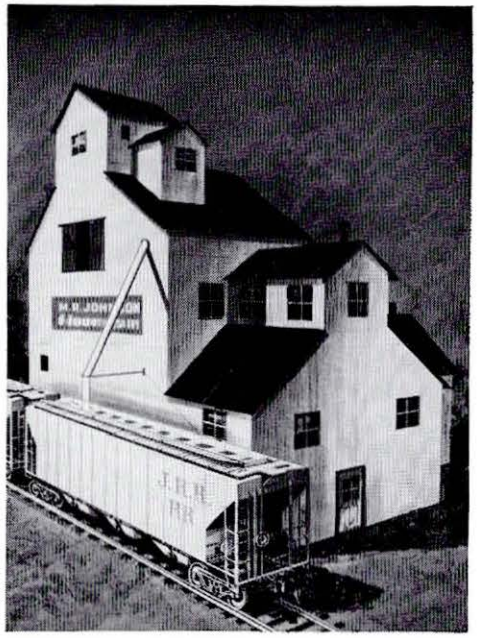

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| **A partial list of commodities protected by these systems:** | Alfalfa (dehydrate)<br>Alumina Ore<br>Ammonium Nitrate<br>Bauxite<br>Bentonite<br>Bisphenol "A"<br>Borax<br>Boric Acid<br>Brewers Grits<br>Carbon Black<br>Cement<br>Clays (various)<br>Corn Cones<br>Cottonseed Meal<br>Diatomaceous earth<br>Flour<br>Gypsum Calcined<br>Hydraulic Lime<br>Iron ore<br>Malt<br>Mill Feed<br>Milo<br>Para Formaldehyde Powder<br>Phosphate Rock<br>Polyethylene Pellets<br>Polypropylene Pellets<br>Polystyrene Pellets<br>Potash<br>Rice<br>Roofing Granules<br>Sodium Tripoly Phosphate<br>Soybeans<br>Soybeans Meal<br>Starch<br>Sugar (cane & beet)<br>Sulphur<br>Tetra Sodium Pyro Phosphate<br>Vinyl Plastic Resins | | |

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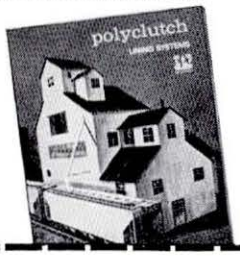


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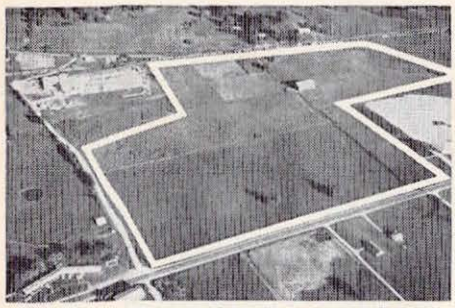

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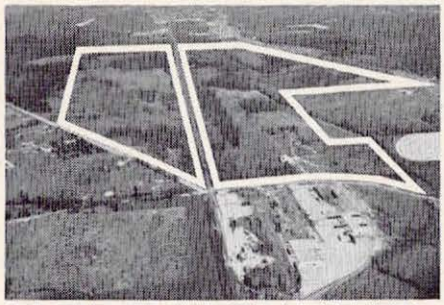
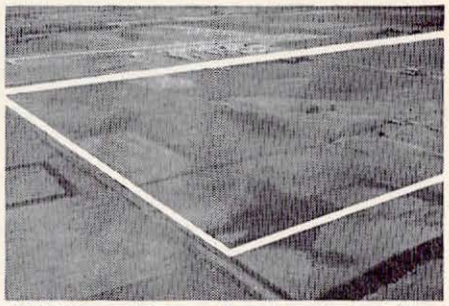
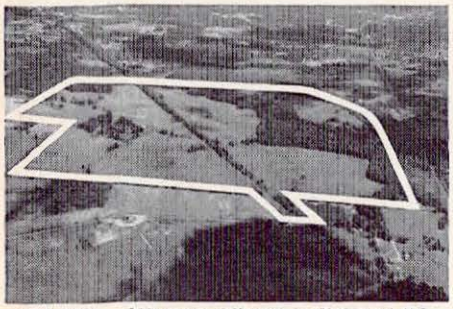


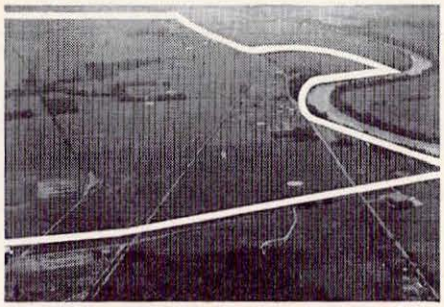
**SITE 3187** — 500 acres within industrial district. L&N rail service. Four lane highway boundry. Near major airport.



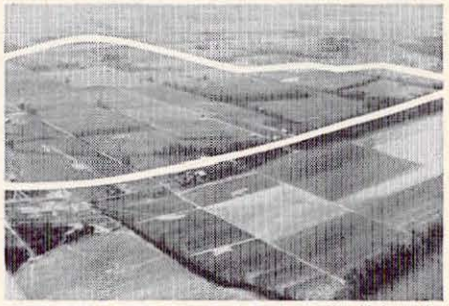
**SITE 3567** — 395 acres of gently rolling land. Two miles to city. Rail service from industrial lead. U.S. Highway forms Eastern border.



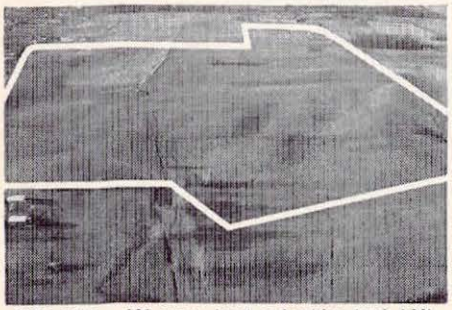
**SITE 3908** — 300 acres. Adjacent to State and U.S. highways. Rail service Two miles from navigable river. All utilities nearby.



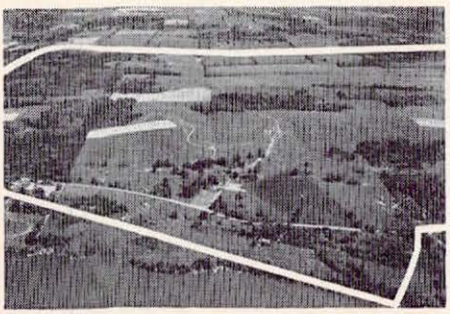
**SITE 3273** — 775 acres. Two miles from city. U.S. highway traverses site, connects with other U.S. and Interstate highways. Rail-River terminal nearby.



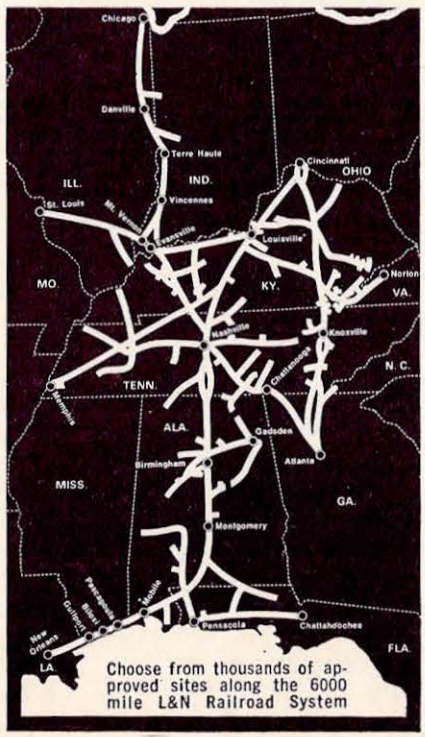
**SITE 3454** — 625 acres. Just East of city. Main rail line on one side of site. U.S. Highway adjacent. Barge service on navigable river. All utilities.



**SITE 5715** — 160 acres, level and rolling land. L&N private spur track to serve site. Access roads. Two state highways. All utilities on property.



**SITE 3583** — 1260 acres. Two miles from city. Rolling contour. Main line of Railroad, adjacent. Connecting roads to U.S. Highway and two State roads.

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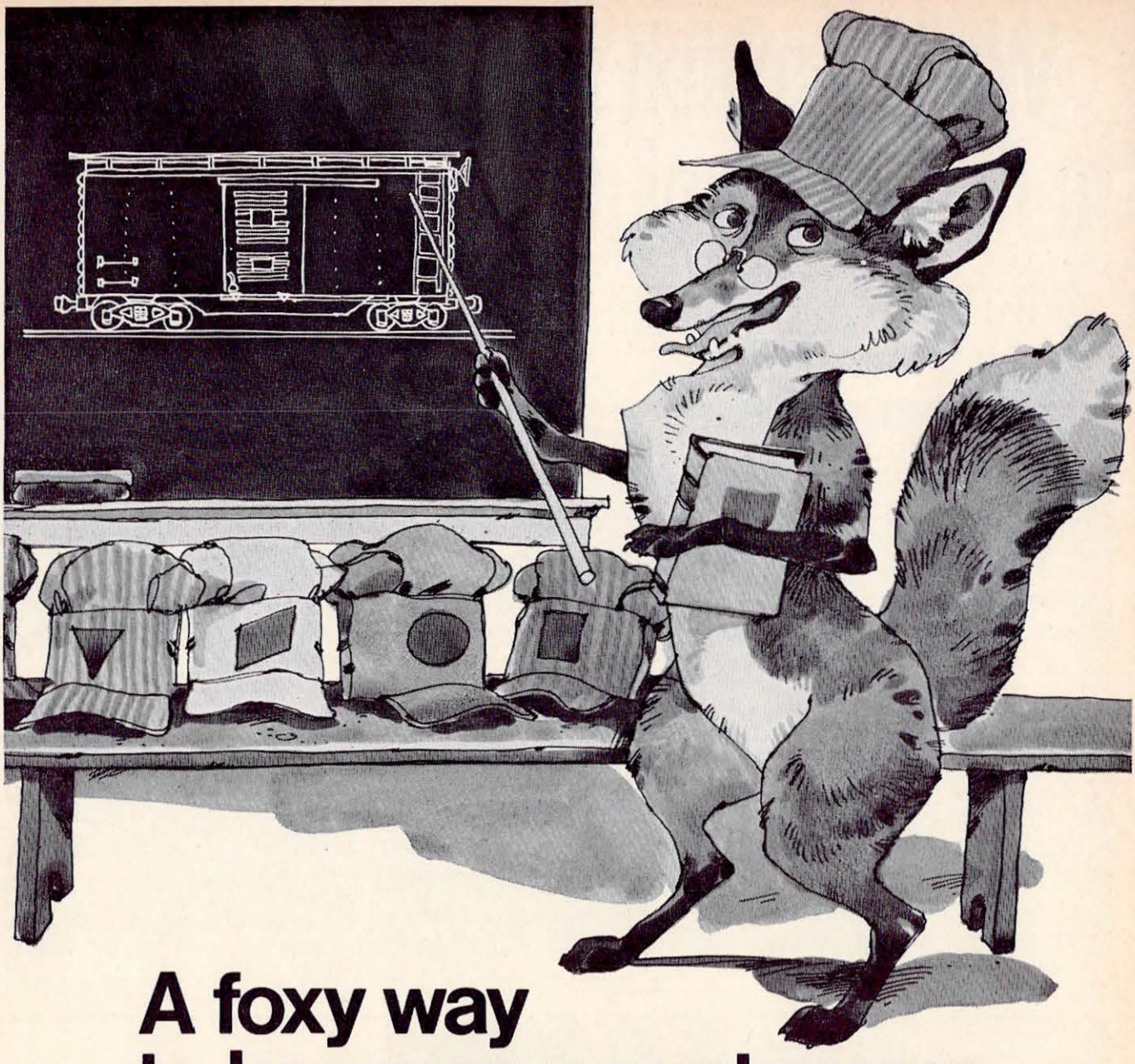

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August 31, 1970 • Vol. 169, No. 4

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# Inside

LUTHER MILLER

## BILL MOORE MEETS THE PRESS

Stuart Saunders occasionally met the press, but rarely half way. He was a hard man to see. He was a hard man to talk to. He did not always make visitors feel welcome. "He reminded me a little of the white rabbit in the Walt Disney film— the one that hopped around saying, 'I'm late, I'm late, for a very important date,'" recalls one business-magazine writer.

The man who will succeed Saunders as chief executive officer of the Penn Central is different. Bill Moore has talked candidly and freely with reporters since his appointment was announced Aug. 12. Busy as only a man can be who is winding up the second toughest job on the Southern, and preparing to take on what must by all odds be the toughest railroad job anywhere, Moore has nonetheless found time to explain patiently and crisply, to all comers, what he thinks railroading is (and isn't) all about.

He comes across confident, but not cocky; demanding, but reasonable. Business Week's Brent Welling was so impressed after a session with Moore that he wrote, "A cyclone is about to hit Penn Central . . . and it would be hard to exaggerate the trauma that will follow."

Moore's tough-minded, service-oriented, profit-centered approach to running a railroad is well known to readers of this magazine. In an interview with Railway Age last winter, (Feb. 23, p. 64), Moore put it this way: "The tempo of today's operations means that we must be doing everything better than we ever did before. This extends right across the board —improved track maintenance, more freight cars, greater utilization of motive power capabilities, use of the computer to its full potential, and even complete rebuilding of lines, rather than trying to live with the past."

In a more recent interview with Railway Age (p. 11, this issue) Moore made it clear that burying the past—and building a brand-new future for Penn Central—is precisely what he has in mind when he moves to Philadelphia this week.

## MEANWHILE, BACK AT THE OTHER 70-ODD CLASS I's . . .

Readers of the daily and general business press must sometimes get the impression that the Penn Central and its problems are the begin-all and end-all of railroading. Readers of Railway Age know better. In this issue, we report on the not-so-humdrum aspects of everyday railroading: the continuing and increasingly successful effort to harness the computer as an effective railroad workhorse; the warmer-than-ever efforts, in a cooler-than-ever economy, to bring new plants and new business on line; the railroading philosophy of a more-or-less satified customer, General Mills; the great job that car and locomotive builders continue to do for their industry, in bad times and good; and a fat file of current railroad news from this country and around the world—you'll find it all inside.

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# RAILWAY AGE

AUGUST 31, 1970

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# Short and Significant

## FINANCIAL

### REVENUES UP, NET INCOME DOWN

Railroad net (ordinary) income dropped to $74 million in this year's first half, 71.4% below the comparable 1969 period. The decline came despite a 4.6% increase in revenues, which totaled a record $5.9 billion for the first six months of 1970. Operating expenses, however, rose by 8.7%—to $4.8 billion. Twenty-two railroads operated in the red during the first six months of this year, 15 of them in the Eastern District.

### IN RATE OF RETURN, RAILS RANK LOW

The AAR disclosed on Aug. 17 that railroads had experienced a "rock bottom" 1.88% return on net investment for the 12 months ended June 30. By comparison, the 50 largest electric and gas utilities (also a regulated industry) reported a 10% rate of return during calendar 1969, the most recent period for which figures are available. The largest commercial banks realized 12% and the 500 largest industrial companies averaged 11.3%.

## PASSENGERS

### FEDERAL SUBSIDIES FOR COMMUTERS?

A bill providing $750 million in operating subsidies for commuter railroads and other forms of mass transit over a five-year period has cleared the Senate Banking and Currency Committee. Part of the Housing and Urban Development Act of 1970, the legislation is sponsored by Senators Harrison A. Williams, Jr. (D.-N.J.) and Charles H. Percy (R.-Ill.). Senator Williams underscored the need for operating subsidies as he noted that over the past decade, the State of New Jersey has paid $31 million to the Jersey Central alone to maintain commuter service. The new bill is separate from the Urban Mass Transportation Assistance Act of 1970, which would provide capital grants for mass transit (RA, Aug. 10, p. 25).

### NEW METROLINER TRIP ADDED

Penn Central added a seventh Metroliner round-trip between New York and Washington effective Aug. 24. The trains will operate every day except Saturday on 2-hr., 59-min. schedules, leaving both New York and Washington at 8:30 p.m. Nearly 1.5 million persons have ridden the high-speed trains since service was inaugurated Jan. 16, 1969, with one round-trip daily.

### LAND PRESENTED FOR PUEBLO TEST CENTER

Colorado Gov. John Love proclaimed Aug. 22 a statewide "Transportation Day" as he presented a 45-square-mile tract to DOT for the site of FRA's new Federal High Speed Ground Transportation Test Center. Accepting the tract, near Pueblo, Colo., was DOT Under Secretary James M. Beggs who predicted the center would become an international focal point for development of advanced transportation systems and the improvement in safety and performance of existing ones. A conventional wheel-rail laboratory will be built at the center, as well as two and possibly three 20-mile oval test tracks for LIM (linear induction motor) and TACV (tracked air cushion) vehicles.

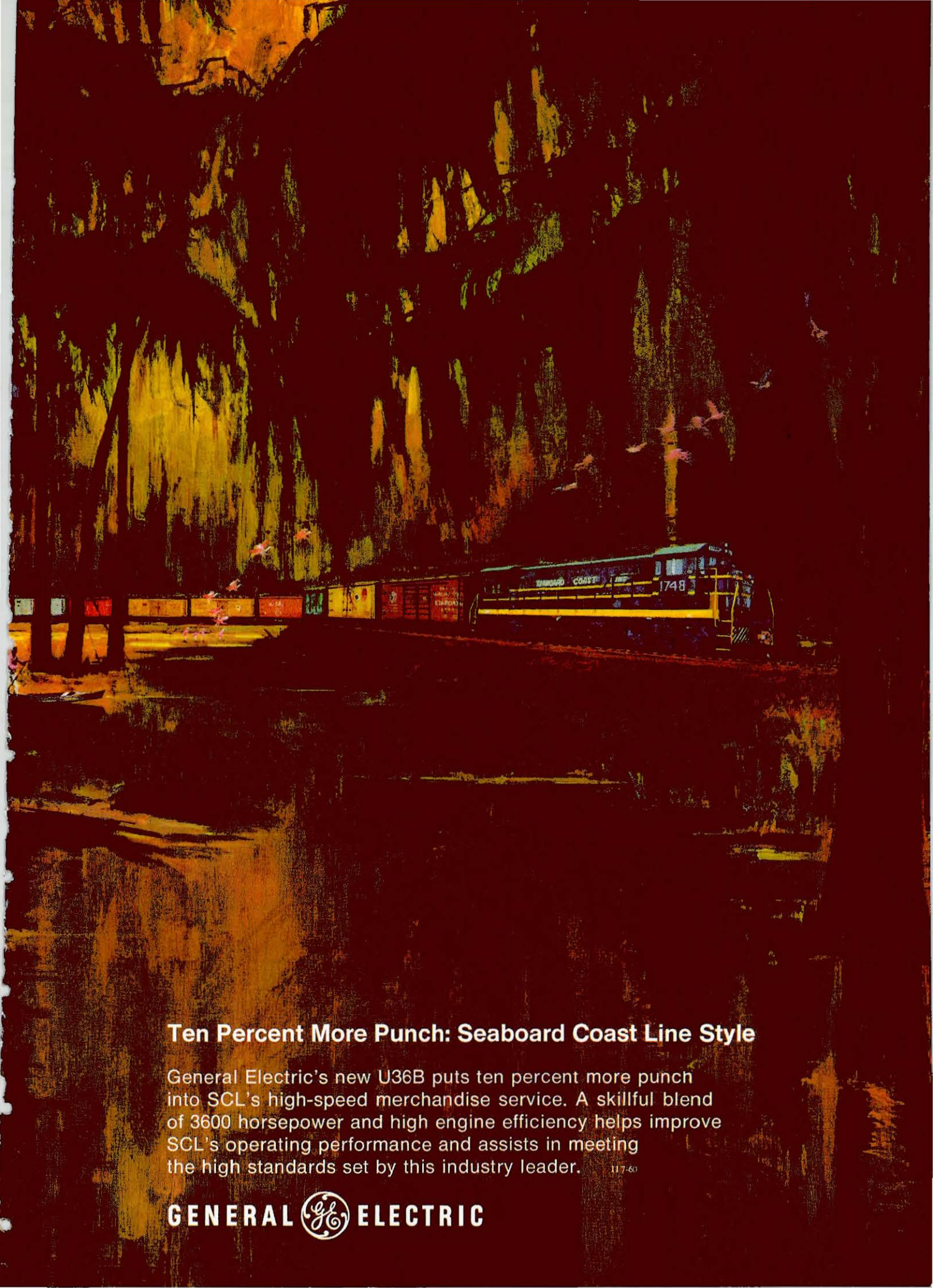
## THE INDUSTRY

### POLLUTION-CONTROL REPORT DUE

Look for a major AAR report on pollution to be released soon. It will appraise the railroad industry's contribution to pollution control. Issuance of the report will coincide with the creation this fall of a major new government agency: the Envionmental Protection Agency, which will be in the Executive Office of the President with a fiscal year 1971 budget of $1.4 billion and 5,650 personnel. EPA's aim, as announced by President Nixon, will be to pull together into one agency a variety of pollution-control activities.

### REPRESENTATION WARFARE STARTS ANEW

Voting ended Aug. 29 and ballots will be counted in mid-September, in a bid by the United Transportation Union to oust the Brotherhood of Locomotive Engineers as bargaining representatives of engineers on Southern. With 1,000 engineers involved, this squaring-off of UTU and BLE is one of the biggest representation battles in recent years. Meanwhile, BLE can claim one victory over UTU, on another front: Firemen on the Long Island voted overwhelmingly (155 to 2) to drop UTU and turn to the Engineers.

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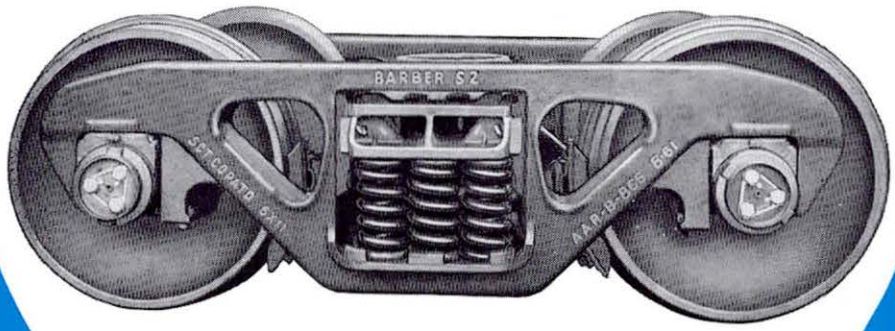


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# RAILWAY AGE NEWS

## PC'S NEW CHIEF: "I am anxious and ready...."

William H. Moore, the $90,000-a-year executive vice president for operations of the Southern, will become the $165,000-a-year president and chief executive officer of the Penn Central on Sept. 1. But it took more than a $75,000 pay raise (and an iron-clad five-year contract) to persuade one of the nation's top railway operating men to leave one of the nation's best-run railroads and travel to the other end of the spectrum.

Moore believes that the Penn Central not only *can* be turned around ("The job will take four to five years, hopefully less") but that it *must* be turned around.

"If the Penn Central is not saved, the government will take over, and if the government takes over, no railroad will be safe," Moore declared in an Aug. 21 interview with Railway Age. "I am anxious and ready to meet the challenge."

Moore is known as a man who talks softly and wields a big stick. This came through clearly as he talked about his new job.

"You can't operate a railroad from the seat of your pants—an operating man ought to spend at least two-thirds of his time out on the property," said Moore.

"Now, on the Southern I have a morning report on my desk every day at 7:30. It tells me everything that happened on the property in the preceding 24 hours. I want to know today, for example, what equipment shortages we had yesterday—because if we're short, that's business we're losing.

"We run 500 freight trains a day on the Southern. If a railroad is twice as big, you must do twice the job. That's what I have to say to people who tell me the Penn Central is unmanageable."

Moore said his first job will be "getting out on the property with the people—and also meeting the shippers and trying to restore their confidence."

As for present Penn Central management people: "I plan to give them every opportunity—but if I need to bring in outside people, I will. There are plenty of them waiting to be asked."

William H. Moore

Moore will give top priority to restructuring operations "and perhaps other areas." He will zero in quickly on the equipment problem: "I'm confident one of Penn Central's big problems is equipment—there are 120% to 140% cars on line as compared to total ownership. I would guess that the bad-order ratio could be as high as 15%."

Moore said he wants to restore Penn Central to a strong capital-improvement program, but he hopes he can "immediately generate equipment without buying it" through improved utilization.

He will take a close look at roadway, because PC is "covered up with slow orders."

Moore said Penn Central must continue to be an active, dues-paying member of the AAR—but on a new formula of payment.

Moore's selection by the trustees was announced Aug. 12 in an extraordinary news release which more closely resembled an editorial. The announcement ended with the words: "Mr. Moore will be given all responsibility for turning this situation around, and right now. His record makes him one of the best qualified men in the business to do this.

"With Mr. Moore's selection, Penn Central is on its way again."

(In a related but separate development, two trustees were appointed to administer the affairs of the Lehigh Valley. They are John F. Nash, president of the Lehigh since 1955, and Robert C. Haldeman, a senior marketing analyst with the Southern.)

## Where the AAR is cutting back—and why

The Association of American Railroads is slashing its annual budget by 27%—from $11 million to $8 million—by directive of the AAR board. Immediate reason given for the cost-cutting is uncertainty over whether Penn Central will be able to continue to pay its own share of the budget, around 15%. But the size of the reduction suggests that the underlying reasons are broader-based and relate to the liquidity problems facing all railroads.

Biggest single cutback is in the Car Service Division. All 70 field agents are being eliminated. The AAR hopes that as TRAIN (TeleRail Automated Information Network) is phased in, the effects of this cutback will be eased.

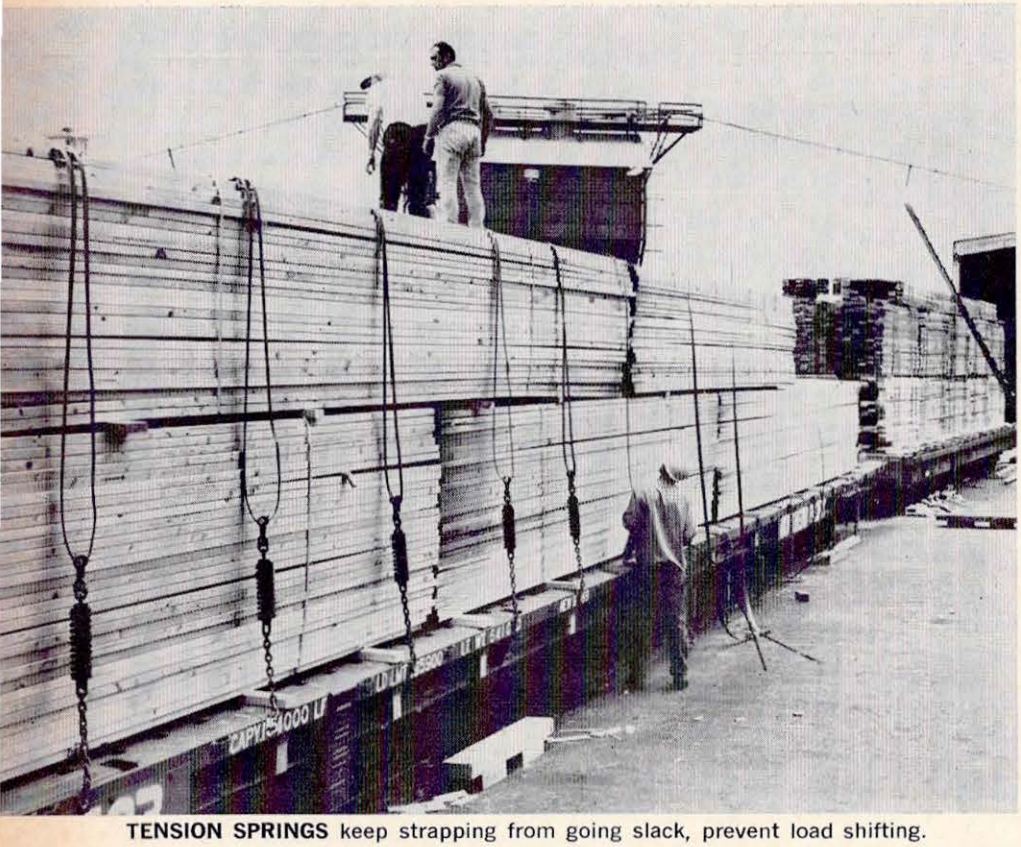
Also abolished are the positions of the 13 Shippers Advisory Board secretaries. A spokesman says the AAR is "trying to work out arrangements so that we can continue to have effective rapport" with the boards.

Eliminated entirely are the Purchases & Materials Management Division, General Claims Division, Women's Division, Railway Mail Transportation Division, and the highways and waterways sections.

The detector-car-leasing service is being abolished, the staff of the Bureau of Explosives is being reduced, and several new research programs that were "just about to be signed and started" have been cancelled.

Still in doubt is the ultimate fate of the industry-wide advertising program, for which railroads are assessed apart from the general AAR budget. An interim advertising budget of $750,000 has been approved to help lay the groundwork for the ASTRO program.

# NEWS



**TENSION SPRINGS** keep strapping from going slack, prevent load shifting.

## Something new in lumber-loading

The spring's the thing, in a new method of lumber-loading being tested by Burlington Northern, in cooperation with ACF's Amcar Division and a Eugene, Ore., sawmill. This 89-foot test car was outfitted by Amcar with heavy-duty tension springs along both sides of the car. After lumber was loaded, steel straps (cinched at the top of the load) were passed through guides on each set of springs and then drawn up with about 3,000 pounds of tension on each spring. Result: As the load settled in transit (not uncommon with lumber), the tension kept the strapping from going slack and prevented shifting of the load. Wilson Wade, BN's general sales manager-lumber and forest products, says this technique "provides positive damage protection by keeping constant tension on the load under all conditions. Yet it requires less than one-fifth of the dunnage and strapping required to secure a comparable load on other cars." Lengthwise load shift on the end-cushioned car, Wade added, "was only four inches on delivery. This precludes the need for bulkhead protection at the ends of the car." BN is hoping that with this adaptation of the Versa-Deck car it will be able to ship lumber east and get a return load also utilizing the new tie-down equipment.

## BN doubles its '70 equipment spending

Last year, the roads now making up Burlington Northern invested $42.7 million in new freight cars and locomotives. This year, BN is spending more than twice as much—$89 million plus, to be exact. Newly-announced orders for 450 box cars and 50 mechanical refrigerator cars (to be operated by Western Fruit Express) pushed BN's total to the more-than-double-1969 figure.

## House liberalizes rail-passenger bill

The House Transportation and Aeronautics Subcommittee has sharply increased federal backing for the proposed new corporation that would operate intercity passenger trains.

The subcommittee's action is viewed as an indication that some form of rail passenger legislation will be passed by Congress this year—in time for the new corporation to begin operations next March 1.

The Senate has already passed a bill authorizing backing of up to $175 million for the new corporation. The House subcommittee raised that total to $340 million.

Under both versions, the DOT Secretary would determine what intercity passenger trains are needed for a "basic national rail system." The new corporation would operate those trains, which some say would amount to 80 of the more than 400 intercity passenger trains remaining in service.

Rails would help fund the new corporation by buying its stock. In general, rail stock purchases would have to equal their "avoidable" losses incurred in maintaining passenger service during 1969.

While retaining the Senate grant of $40 million as an outright gift to the new corporation, the House subcommittee raised funding in two areas:

—It increased from $60 to $100 million the total of federal loan guarantees that the government could extend to borrowings of the corporation.

—It raised from $75 to $200 million the total of government guarantees to rail loans which would be used to help carriers purchase their share of the corporation's stock.

The subcommittee also liberalized the Senate clause allowing the new corporation—intended to be a profit-making business—to discontinue its own passenger trains. The Senate required the new company to maintain all its passenger trains until at least Jan. 1, 1975; the House subcommittee rolled back that date to Jan. 1, 1973.

Full House Interstate and Foreign Commerce Committee approval is likely. This could see the bill up for a full House vote in September.

# Hope runs high for settlement of fireman dispute

Negotiations are continuing—in a delightfully non-crisis atmosphere—in the fireman-manning dispute. Both the National Railway Labor Conference and the United Transportation Union are expressing hope that a settlement can be reached—and that may be a "first," in view of the long and bitter history of the dispute.

There is now no "deadline" toward which the parties are bargaining. Under the normal schedule set up under the Railway Labor Act, the railroads and UTU would have been free to go the self-help route Sept. 6. By agreement. however, neither side will take any action so long as meaningful negotiations continue.

Management and union negotiators have before them the report of Emergency Board 177—a brief document containing nine specific recommendations. Among the key points, the board proposes:

—A dual-purpose or combination classification should be established "combining the present functions of firemen and brakemen on diesel road locomotives and firemen and yardmen on yard locomotives."

—No new hires would establish fireman seniority after the date of agreement; present firemen "should be given job protection and the fireman classification should be eliminated through the process of attrition."

—A training program "should be developed by the carriers with the active participation of UTU to qualify employees for promotion to either conductor or engineer, based on the needs of the service."

—In order to provide opportunity for men holding fireman seniority who were assigned to less-desirable jobs as a result of Arbitration Award 282, "all such employees should be granted free exercise of seniority on an agreed-upon date to be known as 'Sadie Hawkins Day.' At that time, all firemen would be given the opportunity to indicate their respective preferences for available jobs and be assigned to the job preferred in order of their respective seniority."

—UTU should make a commitment not to oppose repeal of state full-crew laws.

—There should be a five-year moratorium on serving of notices inconsistent with the board's recommendations.

Board 177 also touched on two "related issues"—use of radio and compulsory retirement. It recommended that the radio issue be handled separately. And it put in a strong plug for retirement-at-65, which was supported by the railroads and UTU but rejected by Congress in recent changes in Railroad Retirement legislation.

On another key matter—the sharing of savings—the board had to be vague: Up-to-date data were not available at the time and "we have insufficient information upon which to make meaningful recommendations as to the method and timing for distribution of such savings."

In its review of the case, Board 177 termed the fireman-manning issue "the nation's longest extant labor dispute . . . the most studied, reviewed and volatile issue on the American labor scene." But it also emphasized the fact that negotiators recently came close to settlement: "During the course of mediation efforts [stretching from January to mid-June of this year], most of the basic ingredients of a long-range settlement were agreed upon. The keystone was the establishment of a new dual-purpose classification combining the functions of the fireman and brakeman." This formula, the board added, "became feasible as a result of the formation of the UTU. Unfortunately, a stalemate was reached over the issue of portable radios. . . ."

This particular effort was conducted by Frederick R. Livingston, who also served as chairman of Board 177. It was shortly after he withdrew as mediator that UTU struck Baltimore & Ohio, Louisville & Nashville and Southern Pacific and thus created the condition which led President Nixon to bring in an emergency board.

Board 177 made its report to the President on Aug. 6, talks did not resume until Aug. 25. But in the meantime, both management and labor were talking in conciliatory tones. NRLC Chairman J. P. Hiltz, Jr., said the railroads "are confident that these negotiations—undertaken in an atmosphere of cooperation on both sides toward a desirable end—will lead to an acceptable settlement of this long-standing fireman-manning issue." UTU Assistant President H. E. Gilbert, who had been president of the former Brotherhood of Locomotive Firemen & Enginemen, said Board 177's recommendations "form the basis from which immediate negotiations can be resumed . . . . . The board has made a valuable contribution by recognizing aspects of the dispute that other bodies have failed adequately to assess in the past."

# BN, Katy talking—about car supply

For Katy, the search apparently goes on—the search for a merger partner, or something akin to that. In May, Burlington Northern said it was looking at the possibility of acquiring an "operating position" in Katy (RA, May 25, p. 13). In August, BN said talks had been broken off.

At the same time, Katy Industry sources were quoted as saying that preliminary talks were beginning with Southern Pacific. SP disagreed.

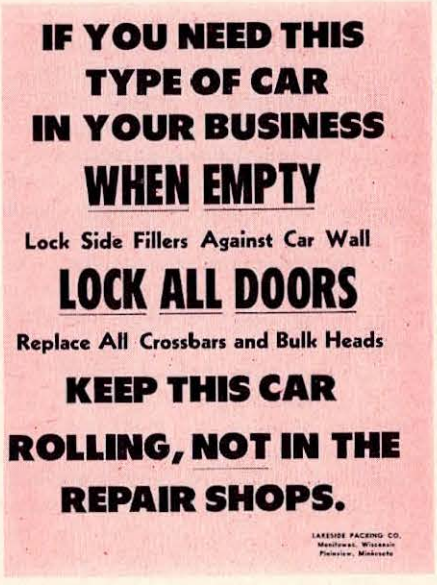
Also at the same time, BN President Louis W. Menk did indicate that conversations between BN and Katy were continuing, on a different matter. Studies indicated, he said, that Katy has a surplus of freight cars under lease. BN is looking into "the possible assignment of certain of these leases to BN to augment its own car supply."

# NEWS

## Fed-up food packer takes action

E. J. Kraska, general traffic manager of Lakeside Packing Co., is a man with a problem—and he's trying to do something about it. Says Kraska: "We're constantly fighting the battle of broken or damaged interior equipment in special-device cars, and it appears that we are losing. The condition of the inside equipment is getting so bad that often we have to refuse them for loading. This means that a car will be out of service from 60 to 90 days while it is being repaired—at an average cost of about $900 to the carrier. At this cost," Kraska declares, "the carriers are not repairing many of the cars and in some cases where the equipment is badly damaged car is stripped. . . . We are all geared to mechanical loading and unloading, and these special-device cars are a must."

Kraska's approach: Placard all cars leaving Lakeside plants—and at the same time communicate with Lakeside customers to enlist their support. Thus far, says Lakeside's GTM, "the response has been great."




## Pullman may file antidumping charges

Pullman-Standard thinks that a foul may have been committed last May when Hawker Siddeley of Canada Ltd. submitted the low bid of $8,404,568 and subsequently was awarded the contract to build 46 rapid transit cars for New York's Port Authority Trans Hudson Corp.

At any rate, the leading American carbuilder has served notice that it may file suit against the Canadian (and, as such, foreign) carbuilder under the Federal Antidumping Act of 1921. This act is designed to protect domestic industries against the dumping of foreign goods in the country at below fair values and violators can be assessed special duties by the U. S. government. P-S's bid for the PATH contract let in May was just about 6.6% higher than the successful bid. (St. Louis Car and General Electric were also unsuccessful bidders.)

## Southern seeks ICC authority to contract-haul coal by barge

Southern Railway has asked the ICC to approve a plan whereby the railroad would engage in limited contract-hauling of coal by barge along the Ohio and Tennesse rivers. The move immediately provoked opposition from water carriers.

Braxton B. Carr, president of the American Waterways Operators, noted the application was the first time in eight years that a railroad had tried to enter the barge business. He declined to say what course the barge operators would take, but he said, "Historically, the barge industry going back to 1912 has in concert with Congress opposed rail ownership of water carriers."

Southern said it has organized a subsidiary, Southern Region Coal Transport Inc., to handle the barge operations.

The coal would come from mines operated by Peabody Coal Co., a Kennecott Copper Corp. subsidiary, in southern Illinois, Indiana, and western Kentucky and be destined for electric power plants of Southern Co., an electric power producer in Georgia and Alabama.

If approved by the ICC, coal shipments would begin in mid-1972 and continue through 1980. The volume of coal shipped would increase from 1.5 million tons in 1972 to a minimum of 6.3 million tons in 1977, according to a Southern spokesman.

## That new citizen: It's Milwaukee Road

If Burlington Northern merger had taken place without anything else taking place, Billings, Mont., would have had rail service by one major carrier, BN, instead of by three—Great Northern, Northern Pacific and Burlington. One of the merger conditions, however, was that Milwaukee Road should be granted entry. And, armed with that condition and a subsequent ICC order, Milwaukee made its colorful entry into Billings earlier in August. Milwaukee's red-vested traffic people made the rounds of shippers. And, at a dinner marking the road's entry into the city, it turned out that Milwaukee had brought along an extra vest—to be presented to Mayor Howard E. Hultgren by Milwaukee President Curtiss E. Crippen.

## Coal loadings yield 10.8% of revenues

Class I railroads originated 376,333,741 tons of bituminous coal in 1969, up 1.3% from 1968, reports the National Coal Association. Of this total four systems—N&W, C&O/B&O, Penn Central, and Louisville & Nashville—hauled 67.9%. Class I rails received $1.2 billion in coal revenue in 1969, or $54.1 million more than in 1968. This accounted for 10.8% of total freight revenue received by Class I roads during the year, NCA adds. The report also noted that the average loading of coal per rail car increased from 67.6 tons in 1965 to 74.7 tons in 1969.

## Debt-service relief promised for Seaway

Washington observers see a certain irony as they compare what happened to the Penn Central with what is happening to the Saint Lawrence Seaway. Short of cash and unable to service its debt, the Seaway petitioned DOT for relief. Accordingly, early this month DOT Secretary John A. Volpe said he would ask Congress for legislative authority to cancel interest payments to the U. S. Treasury on the Seaway's debt. As of Dec. 30, 1969 the Seaway's interest balance was $22.4 million; its annual interest burden is more than $6 million.

## Robert S. Henry dies at 80

Robert Selph Henry, 80, who retired in 1958 as public relations vice president of the Association of American Railroads, died Aug. 18 at his home in Alexandria, Va. Henry was director of public relations for the Nashville, Chattanooga & St. Louis from 1921 to 1934, when he joined the AAR. Author of a number of railway books (including "This Fascinating Railroad Business"), he was also widely known as a Civil War historian.

## Mansfield rips ICC on car shortages

As the peak shipping season approaches, rumbles are being heard right and left in Washington over the inadequacy of the freight-car fleet. It is a seasonal outcry—but this season the cries seem to be louder than ever.

As always, it is grain growers who feel the pinch most. A letter of complaint from the Montana Grain Growers Association stung Sen. Mike Mansfield (D.-Mont.) to fury.

Declaring that the car shortage has plagued the shippers of Montana "almost as long as I have served in Congress," the Senate majority leader blamed both rails and the ICC.

"What was once a seasonal situation is now with us constantly," Mansfield charged, "and the Western railroads are unable to give service at peak periods to the grain and lumber industries."

He suggested that Eastern rails "are taking advantage of the Western rails by using borrowed box cars which cost them less money than owning their own."

While this plaint had been heard before—indeed, the ICC's first case in 1887 was a similar charge from farmers in the Dakotas—Mansfield's real fire was reserved for the ICC:

"I believe, and I say this most reluctantly, that the ICC should be abolished," declared Mansfield. "Some of its activities can be discontinued and others incorporated into . . . the Department of Transportation.

"The frustration created by the present regulatory process must be broken."

Besides abolishment of the ICC, Mansfield endorsed the creation of a Federal Transportation Consumers' Counsel Office which would represent consumer and shipper transportation interests before Federal agencies and courts. Mansfield said Sen. Lee Metcalf (D-Mont.) would soon introduce legislation for such an office.

Sen. James Pearson (R-Kan.), who has introduced legislation to give the Department of Defense $120 million to own its own 10,000 car fleet, echoed Mansfield.

"The frustration is so great in Congress," said Pearson, "that we have . . . Sen. Mike Mansfield, not a radical man, proposing a $100-a-day penalty charge for idle cars, which, if we passed it, would bankrupt every railroad east of the Mississippi."

The ICC had no comment on the Congressional charges, although ICC officials, noting that three cars go East for every one going West, said they placed reliance on the Commission's new schedule of penalties for use against shippers who allow cars to stand idle.

At the Grain Transportation Forum held recently at the University of Illinois, Assistant DOT Secretary for Policy Charles D. Baker discussed the dimensions of the problem, which he indicated was not solely of the rails' making.

He said 68% of all grain shipped moves by rail, accounting for 10% of all rail carloadings in 1968.

The real problem, he said, is the growing demand on existing cars.

In the years 1960 to 1969, said Baker, USDA figures for production of wheat, corn, sorghum, and soybeans showed a 22% increase—to an "incredible" 8 billion bushels.

Demand is clearly up, said Baker, but car supply declined absolutely from 1959 to 1969 by 200,000 cars.

"This is not to say that the railroads have not been spending money on equipment —they have—about $1 billion a year over the last decade," he observed. "But as prices go up, even a billion buys less than it did in 1964."

As solutions, Baker suggested more improvement in car utilization—citing the statistic that the average freight car moves loaded only 6% of the time; further use of preshipment inspection to cut delays; short haul by truck from country elevators to larger terminals, such as the Rock Island has initiated, more innovations such as the Illinois Central Rent-a-Train, and maximum use of AAR's TRAIN (Tele-Rail Automated Information Network) to inventory loaded and unloaded cars.

# NEWS

GUS WELTY

## Lines on Labor

### UTU AND BLE: BACK TO THE TRENCHES

There for a while, there was hope that the unions representing operating employees had suspended their version of the Israeli/Arab war. There was hope that the United Transportation Union and the Brotherhood of Locomotive Engineers could more-or-less peacefully co-exist. The news of the week, (p. 8), however, makes that hope look rather forlorn. The men in the engine cab are at it again—with the BLE drawing first blood, with UTU shooting for a much bigger victory, and with both sides reportedly looking around for other battlegrounds. It doesn't make sense, you say. Agreed. But try telling that to the UTU or the BLE.

### WITH SO MUCH AT STAKE, HOW WILL LABOR REACT?

Right now, there are critical issues hanging in the balance. There is the effort to settle the fireman-manning dispute . . . the matter of labor support for ASTRO-based programs . . . the pioneering effort toward creation of new rail services and new rail jobs represented by the Illinois Central/UTU JOBS Commission agreement. . .the improvement in management/labor understanding which top leaders in each field are seeking. If infighting between unions—or anything else, for that matter—is allowed to wreck any of these projects and programs, both the industry and its employees may be paying the wreck bill for a long, long time.

### THE SYSTEM IS AT FAULT—BUT THAT'S SMALL CONSOLATION

One problem is that it's tough to blame either the UTU or the BLE for resuming their quarrel. When you have two or more unions competing for the affections of people in essentially the same field, there's a natural tendency to go for the jugular if the opportunity presents itself. That's the way it was, for instance, before UTU came into being—with the former Brotherhood of Railroad Trainmen clawing at and being clawed by the Order of Railway Conductors & Brakemen and the Switchmen's Union of North America. None of this scratching made much sense, because it didn't accomplish much: Over the long pull, victories and defeats tended to balance out. All that really happened was that the unions spent, with very little return, a lot of money and time and effort that might have been better spent. The UTU merger, pulling together the train-service unions and the Brotherhood of Locomotive Firemen & Enginemen, eliminated one set of rivalries. But the old BLE/BLF&E split still existed—and still exists. For it to widen now could be tragic—for the industry, for the people it employs and, utimately, for the rail labor organizations. But there's more: Anybody close to the labor scene is aware of implications going far beyond the mere fact of engine-cab rivalry. And that's the really worrisome part of it all.

## Accept no favors, ICC warns staff

The ICC has brought charges against a hearing examiner who allegedly accepted favors from parties to a hearing involving a motor subsidiary of the Southern Pacific. Also, the ICC has solemnly warned its employees about accepting carrier favors and laid down guidelines for attending conventions.

The charges, filed with the Civil Service Commission against Examiner Bernard J. Hasson Jr., and the staff memoranda circulated to employees apparently are ICC's answer to a wave of Congressional and press cirticism about commissioners and ICC staff fraternizing with members of the industries they regulate.

ICC's actions followed by two weeks the resignation of ICC Secretary H. Neil Garson, who it was alleged had accepted free room and board at a movers' convention and then attempted to collect reimbursement for the expenses he didn't incur.

The memoranda:

—Warned ICC staff members against "conduct which creates the appearance of loss of independence or impartiality."

—Require ICC officials who attend industry conventions to submit reports on the extent of their involvement in the meeting.

Though not mentioning Hasson's name, the memoranda, signed by ICC Chairman George M. Stafford, disclosed the charges against a hearing examiner who, said the memo, accepted hospitality from parties to a case he was hearing.

It was believed to be the first such charge brought against an examiner, said ICC officials.

The memo said it was against the ICC code of conduct for an employee to accept meals, refreshments, other forms of entertainment or "social association" with anyone having an interest in a case before the employee.

The case involved an application by Pacific Motor Trucking Co., a subsidiary of Southern Pacific, which sought operating authority expansion.

Hasson recommended the carrier be authorized the expansion, because other motor carriers had shown neither the desire nor the capability to serve the public.

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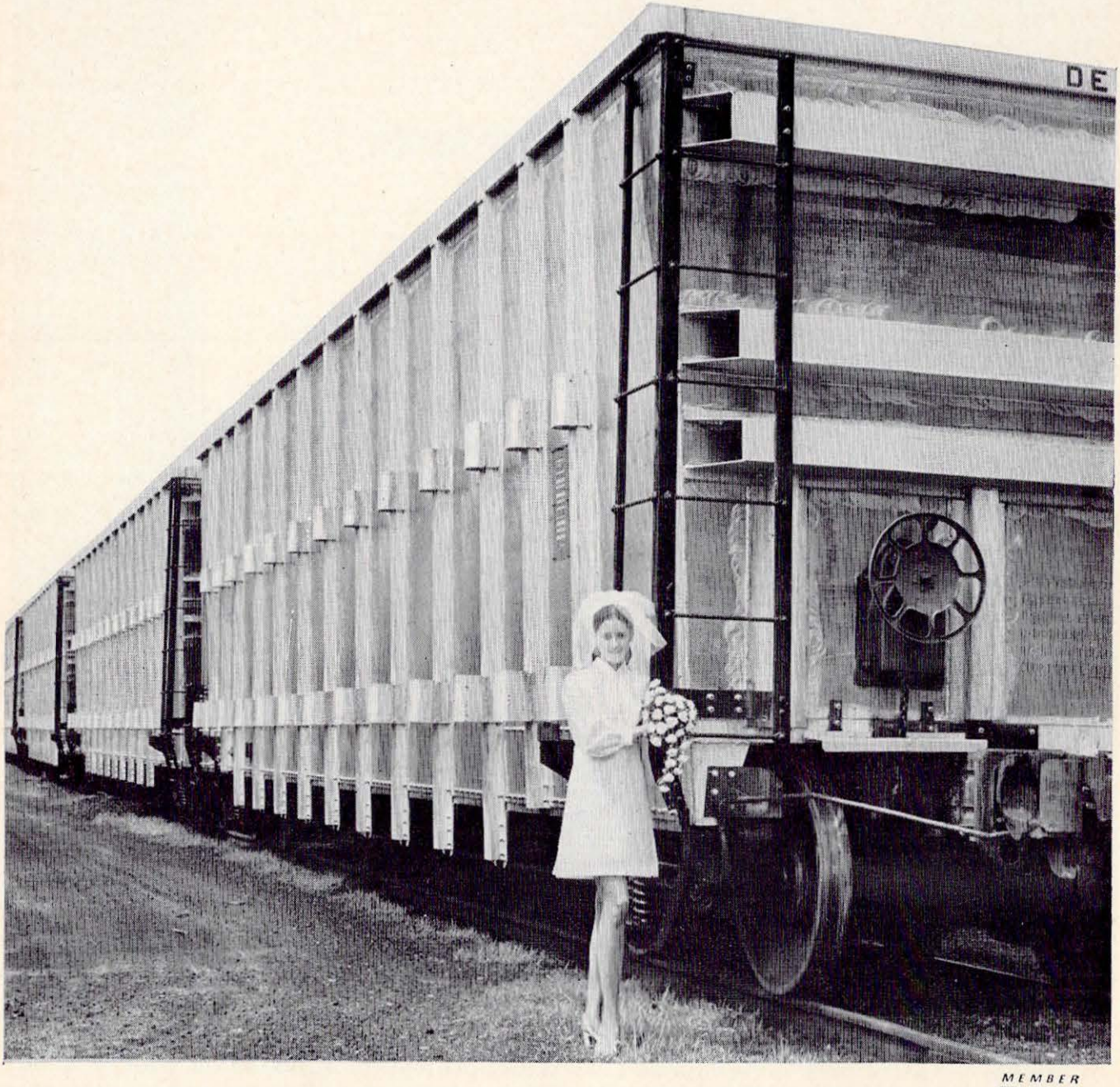


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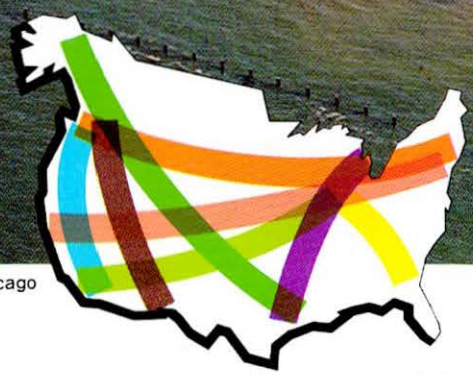

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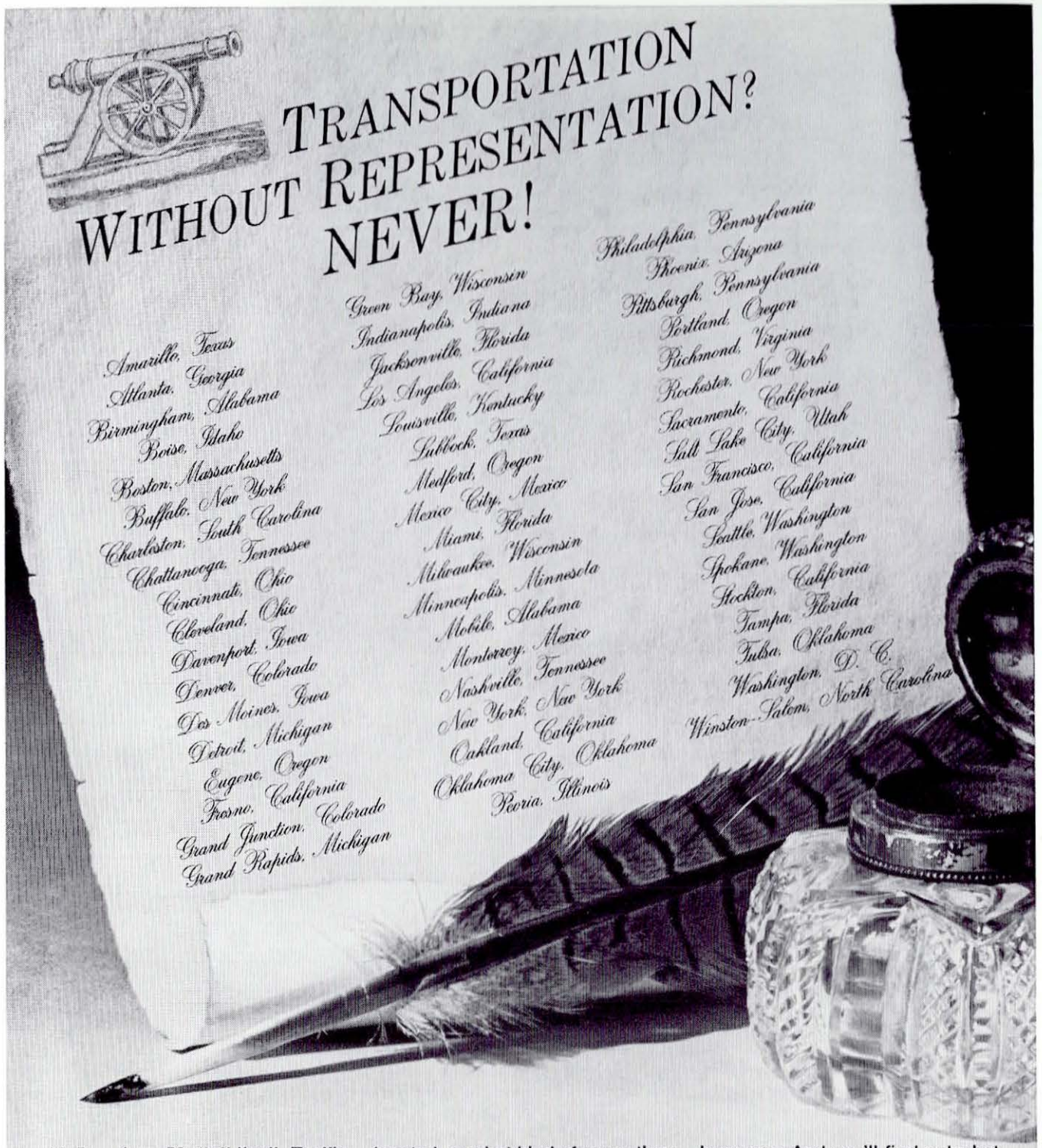


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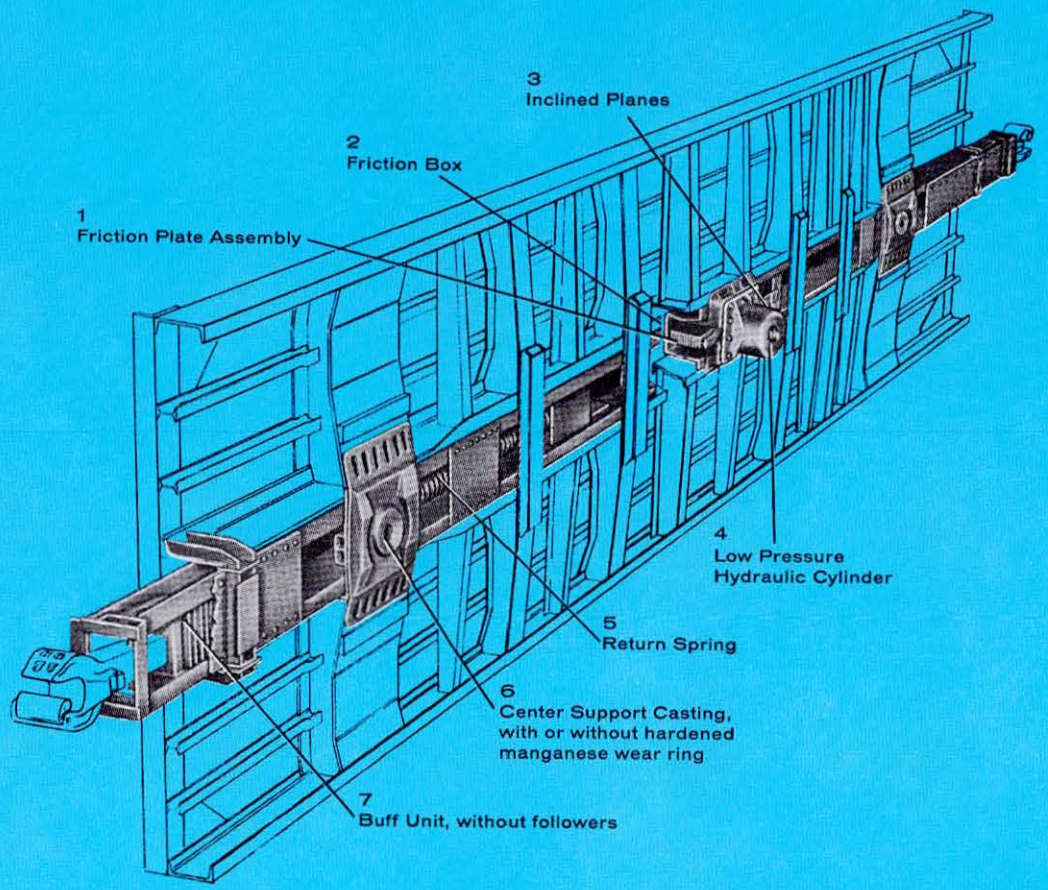


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Beveled front corners are steel. The interior lining in the nose has square corners for maximum cube and cargo area. A 20″ high steel interior bulkhead extends across the entire front to offer protection to this vital area. The strength of the front end is further increased with a 3/4″ plywood lining. The entire front end is a tough, one-piece unit.

For complete details on some of the strongest piggyback trailers made, write to Kit Hammond, Manager, Railroad Sales, 2200 E. Devon Avenue, Suite 217, Des Plaines, Illinois 60018.

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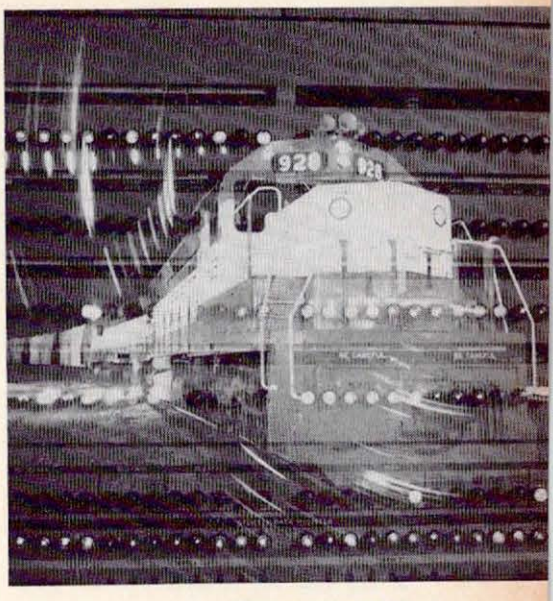
TOMORROW'S RAILROADS IN **ACTION**

# Tying the computer to railroad operations



Cover photo by Frisco Photographer Paul Sweet.

Railroad computer systems are getting closer and closer to a long-sought goal—the actual use of the computer in planning and carrying out transportation operations.

Part of this progress comes through development of simulation techniques—by individual railroads and now by the AAR. Part comes through the improved interchange of programming information, also being handled by a group within the AAR (see following story).

The AAR's network model for simulating railroad operations is now due for release to member railroads in December. The model will permit the study of strategies of classification or blocking, changes in schedule, major changes in facilities and train operating policies. The effects of these changes on the railroad as a system can then be analyzed for improvements in performance.

● **What is modeled.** To simulate entire railroad operations would require computer size and running time beyond the limits of most users. Accordingly, the AAR's network model is basically concerned with cuts of cars moving in terminals and between terminals. The model's "real world" is as follows:

—Cuts are generated at yards or nodes based on historical data or on a planned traffic-generation pattern as desired by the user. A cut is a group of cars with like origin, destination, traffic class and origination time. These cuts are then processed through such functions as icing, movement from one area to another within the yard, classification and so forth.

—Cuts are assembled and assigned to trains, and trains move to destination, experiencing delays or expedited movement. Trains may be scheduled, or traffic-actuated. Upon arrival at destination, trains are inspected and other similar operations performed, cuts may be set off, connections with other trains may be made and additional cuts may be picked up.

The links over which the trains travel may be single or multiple track and, on occasion, trains may meet or pass other trains.

● **Assumptions made.** Certain assumptions had to be made "to restrict the complexity of the model and properly address those operational parameters which have significant influence on over-all operating efficiency," says W. K. Minger, manager, data systems, special projects, AAR. The assumptions are:

—Motive-power crews and train crews are beyond the scope of the model and are not included. However, absolute train connections can indirectly simulate required crew transfers.

—Accidents and environmental effects such as weather conditions, track damage and repair and the like, are not included in the model.

—Upon the arrival of the train at a destination, cuts are set off in the receiving area and occupy that area resource for a time delay which is equivalent to the time required to move cars to their ultimate destination. After this delay, the cuts then disappear from the simulation.

● **Three-part system.** The railroad network model is in three modules which may be operated separately, each with its own set of computer programs. The preprocessor module function is to accept all input data and prepare it for use in the main simulation module. An edit function is provided to determine if all data are supplied and in the proper form. Data to be supplied to the preprocessor will be supplied by the user, and will be concerned with four areas of operations:

—Nodes: Identification, jobs which can be performed at the nodes (yard or terminal), resources available, rates at which jobs are performed, classification and blocking policy of the nodes.

—Links (mainline tracks): Connectivity between nodes, meet, pass and conform time, time and tonnage relationships to compute minimum train-travel time.

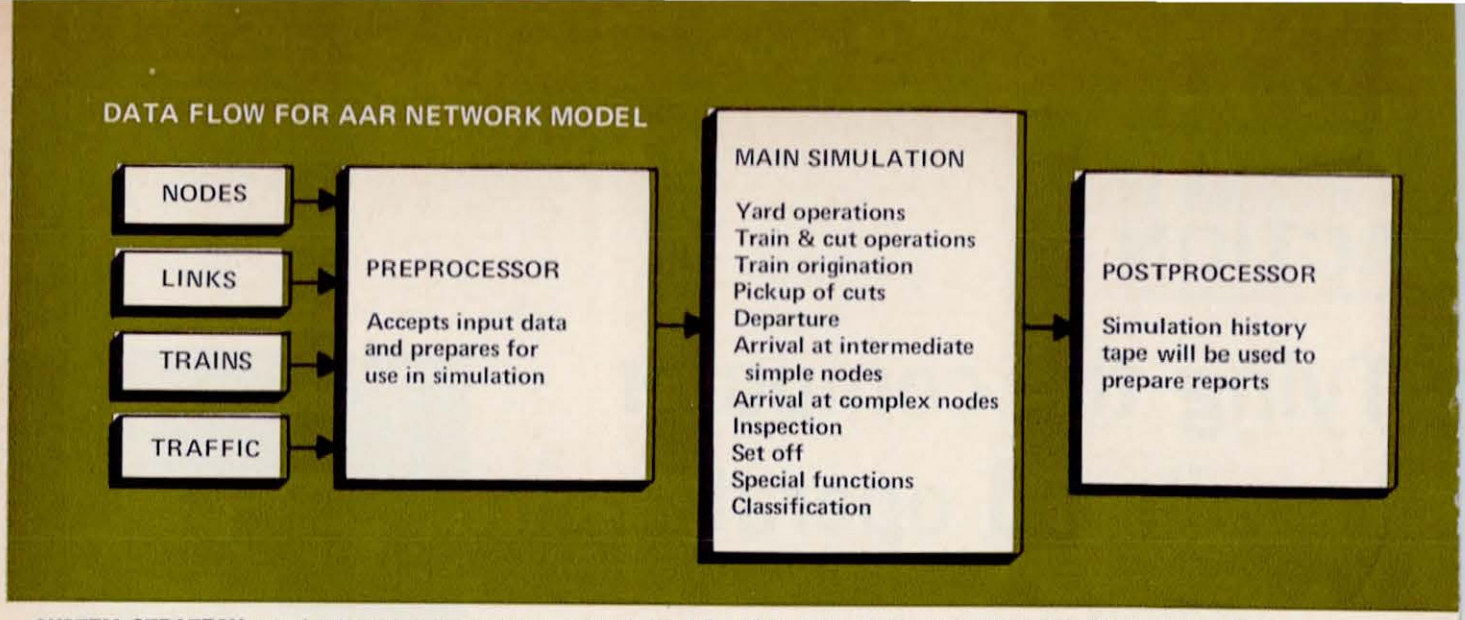
—Trains: Identification, schedules, special limitations (tonnage and travel time), jobs at the nodes, permissible traffic to be carried from each node, frequency of operation, type and connection specifications.

—Traffic: Specification of deterministic or stochastic generation of strings of cuts at nodes.

● **Emphasis on yards.** The main simulation is concerned with operations on the data input from the preprocessor module. One of the major concerns of the main simulation is yard operations. The network model requires data input defining the jobs which can be performed at each complex node. Interaction of delays at yards can be determined from the simulation. Flexibility of the model permits altering the sequence of jobs performed in the yard. The user may define simple nodes as yards where traffic may not originate, and all traffic set off must terminate. And these are just a few of the variations possible. The network model is designed to be as flexible as necessary to operate as railroads do operate.

Other functions operative in the main simulation include train and cut operations, train origination, pickup of cars, departure, arrival at intermediate simple nodes, arrival at complex nodes, inspection, set off, special functions (such as piggyback or icing) and classification.

The postprocessor module will use




**SYSTEM STRATEGY** can be based on computer network model which AAR group now plans for December release.

the simulation history tape—the output of the simulation module—to provide several standard reports. Also, the post-processor will contain information on all activity during the simulation period. It will be possible to combine these data for presentation in almost any manner desired by the user.

● **Big job, big computers.** The model is being programmed in SIMSCRIPT, a general simulation language. It will be operational on Control Data Corp. 6400, Univac 1108 and IBM 360/65 computers. Running time on a CDC 6400 will not exceed one hour of machine time to a week of real-time for a network of 100 nodes, 100 daily trains, 5,000 cuts of cars.

Specifications also included a requirement that the acceptance of the model will require validation with live data on CDC models 6400 or 6600, Univac 1107 or 1108 as well as on the IBM 360/65. Contractor for the network model, Midwest Research Institute, will provide three one-week training sessions, preferably one each at Kansas City, Chicago and Washington. Also, MRI is to provide program maintenance for one year.

● **Key to operations policy.** Use of the network model may well provide answers to perennial operating questions, or at least provide information as to what will happen if certain practices are followed. Managers may find answers to these questions:

—How should the classification responsibilities of the system best be distributed among the several work centers in order to improve the general level of service, relieve congestion at particular locations, decrease over-all transportation costs?

—Can over-all throughput times be reduced by change in classification policies or addition of a major facility?

—What should train-length policies be for a given traffic density?

—Should trains be longer or should more frequent, shorter trains be run; and, what will be the effect on the mainlines and important terminals?

Another potential area of application is in railroad mergers—studying operations of roads planning to merge, or studying effects of mergers upon those opposed to such mergers. Many railroads may wish to use the model to determine the interactive effects of adding a major facility such as a new yard or a main line change.

"Probably the most consistent use of the model will be the testing of changes in operating policies, both near-term and long-range," says AAR's Minger.

# A giant step toward greater information exchange

Railroads work together in many areas—and one which is generating increased attention and importance is that of operations research. While data-systems personnel often exchange program information, usually on an individual-road basis, information interchange has been materially increased by the publication of an applications digest of the Committee on Analytical Techniques of the Data Systems Division, AAR.

● **Over 100 programs.** The present edition consists of 111 computerized applications of operations research being used or under development by 16 railroads. Applications cover a range from the abstract (such as statistical regression analysis) to the practical (such as bridge-girder requirements).

Each program is described in an abstract which consists of the program title, who developed it (railroad), an application description, the person to contact, where published if available, and comments. A program on capital-expenditure evaluation, for example, is described as "a calculation of a range of possible rates of return on an investment proposal, used as an aid to making investment decisions." Under comments, the abstract reports that the program is written in RAX Fortran for time-sharing on an IBM 360/50; and that the method used the discounted cash flow return-on-investment concept. Another program for ACI scanner cost-site selection contains the comments that it is written in Cobol for IBM 360/40, 128K size, card input.

First publication was in June 1969, with a first supplement printed this last spring. Another supplement is expected to be available at the Data Systems Division annual meeting at Atlanta, Sept. 28-30. All AAR member roads are invited to submit applications, not just those which are represented on the Analytical Techniques Committee.

● **Service ranks high.** Sixteen programs deal with the service aspect of railroading, and the number is larger if programs are included covering motive-power utilization and network models. Seven railroads have supplied abstracts concerned with network models, and 11 on train-performance calculators. One TPC program covers determination of mid-train forces when using slave-locomotive operation.

Some of the service programs are: Determination of shipper-siding to consignee-siding time; empty freight car distribution; forecasts for available car supply; flow rules for empty-car moves; and terminal service evaluation. This

last item might be included in the category of terminal models and programs, of which there are 10—ranging from design of hump yards to determining of terminal performance standards.

In the management and planning area, programs include capital investment analysis, revenue forecasting, profit on traffic summaries and project planning and controls. Financial planning, investment tax credit analysis and evaluation of loss-and-damage claims are keyed for management usage.

● **Operations and M/W too.** For the operating officer, there are at least nine programs dealing with line capacity, traffic control and dispatching.

The 11 programs concerned with maintenance-of-way and engineering functions range from cut-and-fill calculations to bridge repair and renewal, costs of laying rail, rail wear analysis, and clearances for oversized loads.

Of the 12 programs included in the digest covering the motive-power area, four are concerned with component or unit failures and analysis of such failures. Inspection and maintenance scheduling are covered by three programs; fuel procurement and machinery purchase economics are described in two programs that also have application in this area.

The 111 programs now in the digest do not, of course, include all that are being used, developed or could be made available. "Hopefully, later compilations will include applications of other railroads, and when pertinent, applications of other industries and agencies," says J. W. Germany, CAT chairman when the first applications were published last year. "We believe, by sharing our analytical experiences about the many common problems which exist in the railroad community, that we can all benefit from this exchange."

Work is continuing now under an Information Exchange Subcommittee headed by Richard L. Sauder. New items to be added in the forthcoming supplement include: (1) a keyword-in-context index for the updated digest; (2) a list of periodicals and journals relating to analytical techniques; (3) a list of inactive and deleted abstracts, and (4) new and/or updated abstracts.

An advantage of sharing programs—and the analytical techniques digest provides a ready reference for those willing to share—is eliminating of duplication of programming efforts (time and cost). This is of great interest now that IBM and a few other computer manufacturers have "unbundled," that is, now charge for programming assistance.

On an industry-wide basis, the AAR's network model now under development is a prime example of program sharing and railroad cooperation.

# Frisco: Finding the right MICS

It took Southern Pacific a long time to get TOPS to its present state of refinement and performance. But nobody who knows anything about SP doubted that TOPS would do what SP wanted it to do.

It's also taking a while for Frisco to get its "new MICS" operating as Frisco wants it to operate. And nobody who knows anything about Frisco can doubt that new-MICS will be working, and soon, precisely in the ways Frisco wants it to work (RA, May 25, p. 64).

New-MICS (Management Information Control System) has been on-stream since April 1, when Frisco made its cutover from original MICS.

● **Cleaning up the input.** Since then, the big problem has been input—the accuracy and completeness of input. It's a problem faced by every railroad with a real-time data system. On Frisco, it's a problem that's particularly nagging to P. E. Odom, vice president-management services, and George R. Clinkenbeard, director-transportation services and planning. Odom, however, points out that in its first five months new-MICS has done just about everything Frisco intended it should do during that period. Clinkenbeard allows as how the main problems have been the ones that were anticipated. Both men—along with other officers in Frisco's management-services and operating departments—are confident that the new system will come to maturity.

● **What's ahead for operations.** In terms of transportation quality-control, new-MICS has to work. There will be difficulties in programming, because what Frisco wants isn't something that can be pulled off the shelf and put to work. At the same time, Clinkenbeard is looking forward to an early-1971 startup of programs which will, in effect, produce movement standards for every car introduced and then monitor performance on exception bases. This won't be a matter of pulling fixed standards from pre-established tables or even from computer memory. Instead, it will involve movement schedules which will be made for each car as it's loaded on Frisco or as it comes on-line from a connecting road. Operating people will know how each car *should* move. Exception-reporting will tell them how each car *is* moving by passing over the OK cars and flagging those that aren't. The potential benefits from an operating standpoint are obvious—but Clinkenbeard is also convinced that the availability of this kind of precision information can be just as valuable to Frisco's sales-and-service people.

● **Edits and terminals.** For the rest of 1970, Frisco will be moving in a couple of ways to purify its data input. There will be a tightening of edit functions. And there will be a systematic effort to improve working procedures in major terminal offices.

On the edit side, Frisco originally elected to allow the system to accept certain wrong input, even as the bad data were being returned to the source for correction. This method of operation hasn't worked as well as the road hoped it would. And Clinkenbeard (who was recently assigned responsibility for data control) is anticipating changes which will require correction of information before it is accepted into the system. "If you try to do this on everything," he concedes, "you run the risk of tying the railroad up."

On the yard-office-procedure side, Frisco is aiming to create the kind of work-atmosphere in which the typical yard-office confusion can be minimized. Memphis was chosen for the pilot study—and, while it's too soon to expect a specific measure of results, both Odom and Clinkenbeard are impressed with the way the program seems to be working. The office itself has been dressed up with work-centers.

● **How people respond.** This effort to improve office operations also reflects a people-problem which couldn't really be anticipated when the cutover to new-MICS was made. Insofar as possible, Frisco tried to prepare its field forces for the change, and there was a pre-cutover buildup of enthusiasm. At the same time, there could be no denying that the new system was far bigger than the MICS it replaced.

Over the next few months, Odom is looking for considerable improvement in the system—and considerable expansion in its operations. At present, many programs on the batch-processing side have not been adapted to fit new-MICS, and the same holds true of certain car-control and quality-control programs. But, Odom points out, "the computer-generated consist is in, and we're working on a plan in which the consist will serve, for all practical purposes, as a hump list."

By the end of the year, he says, "we ought to have most of the batch-processing control programs and day-to-day audit programs completed. We'll probably have completed studies of other major terminal offices by then. And we really ought to be seeing the benefits clearly."

# For $36 million yearly, General Mills

By **GUS WELTY,** Senior Editor

It's about 450 miles from Lodi, Calif., to Los Angeles. Assigned box cars carrying General Mills, Inc., products from the Lodi plant to Los Angeles are averaging close to three roundtrips a month. Rail service on the Lodi-Los Angeles route meets GMI "first-class railroad" specification calling for 90% reliability of arrival on a designated date plus or minus 24 hours.

It's also about 450 miles from Buffalo to the New York metropolitan area. But assigned box cars carrying GMI products from the Buffalo plant to New York are averaging 1.5 roundtrips a month. Service reliability falls well short of 90% bullseyes in a 72-hour target.

Service is General Mills' No. 1 transportation concern. GMI is now a billion-dollar corporation in terms of sales. It's now spending about $36 million a year for rail transportation, out of a total transportation bill of $50 million. It is strongly oriented toward rail—and just as strongly oriented toward rail-service improvement.

● **Talk—plus action.** Some companies seem content merely to scream and holler about service, and GMI does its share of hollering. But GMI is also doing more than its share of constructive work in trying to help build a more competitive, more successful railroad system,

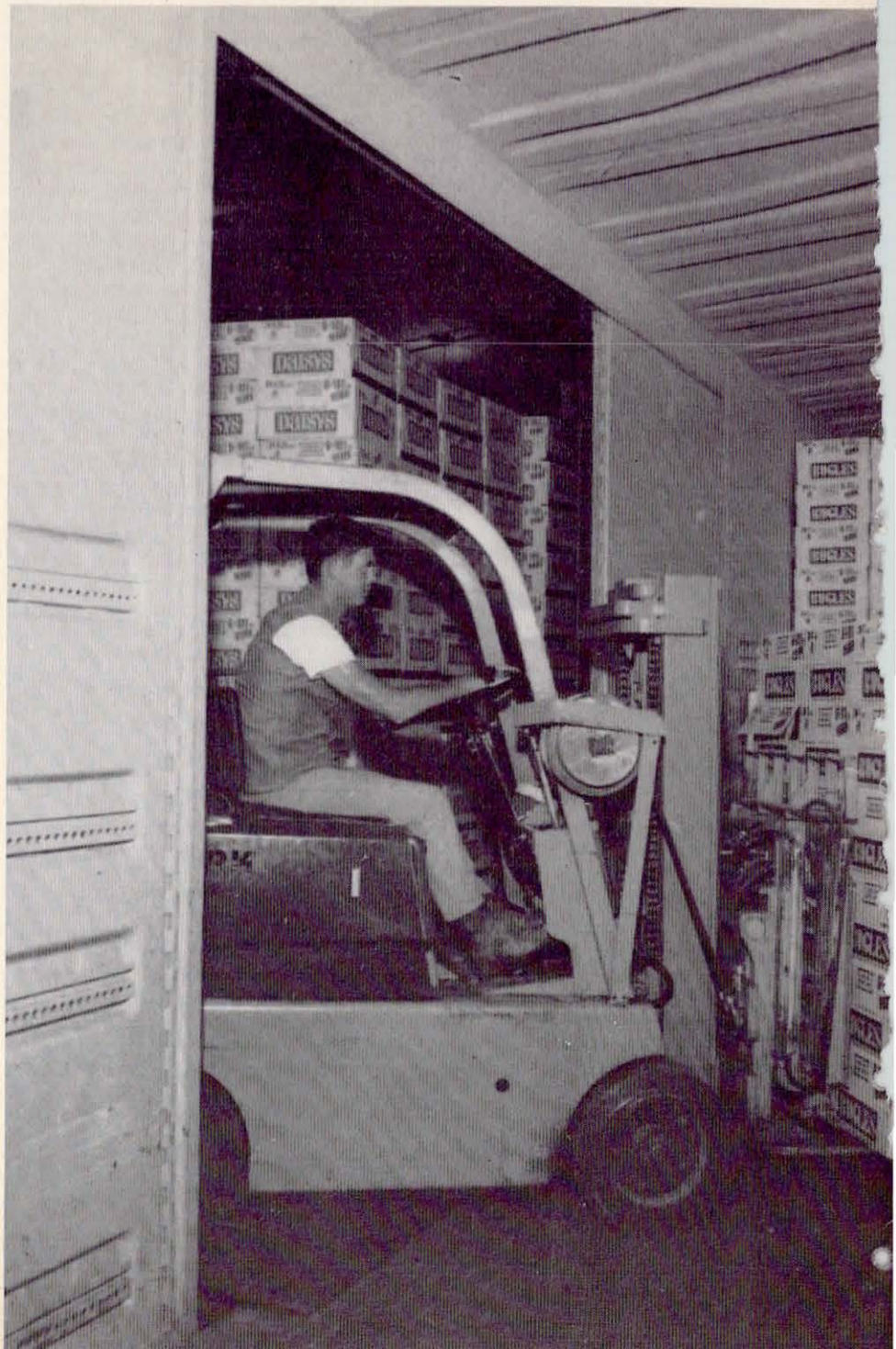
The current case-in-point is a series of meetings between top GMI transportation people and top railroad officers. GMI Vice President-Director of Transportation William K. Smith calls them "mind-stretchers." They could also be profit-stretchers, if shipper and carriers are able to (1) iron out problems which are causing today's difficulties, and (2) develop the kind of service reliability which will tend to bolster the railroads' future as the primary haulers of GMI products.

The series started off with individual sessions involving Penn Central, Burlington Northern, Missouri Pacific, Norfolk & Western. Coming along later on the schedule would be such roads as Southern Pacific, Chicago & North Western, Louisville & Nashville, Southern, Santa Fe, Rock Island. By the time the series has run its course, Smith and his top aides will have had this kind of all-day give-and-take with top railroad operating and traffic officers on 15 or more major roads. The carrier will know better the needs of the shipper, the shipper will know better the capabilities of the carrier. And there will be the beginning of follow-through, in most instances, with the assignment of responsible GMI and railroad people to a joint attack on some specific problem.

● **Going "first class."** With GMI, efforts of this sort are a matter of continuing policy. They've made GMI something of a maverick in transportation, but this is the least of Bill Smith's concerns. His primary goal, oft-expressed, is the creation of a "first-class railroad system"—for the nation as well as for GMI.

General Mills has been a vocal participant in the 1968-70 rate cases, Ex Parte 259,262 and 265. In each instance, GMI's position has been oriented toward service and service quality and

**BOX CARS** are primary worry of GMI transportation officers; they expect 60% of future



# wants first-class railroading

not to rates per se. In the main, however, GMI's contributions have had less than bombshell effect. Smith had this observation, in an in-house memo on the filing of the Ex Parte 265 verified statement this year:

"All in all, this is a constructive, intelligent, fairly well-written statement. And, like our previous statements, it will probably accomplish zilch. Why? Because the ICC is oriented to 'just and reasonable freight rates' in this type of proceeding. Our statements ignore freight rates."

The future existence of a first-class railroad system, Smith argues, "is not a rate problem. GMI needs a first-class railroad system more than we need the difference between a $1 and a $1.06 per hundredweight rate."

● **Pro—and con.** GMI wound up, in Ex Parte 265, supporting the railroads if the added revenues were dedicated to improving service and opposing the railroads if the revenues "are only used to offset rising costs of a 'second-class' system."

GMI's definition of a "first-class" system is almost wholly couched in terms of performance — reliability in car-handling from dock to dock, a one-revenue-trip-per-month-per-car increase in utilization, and provision of cars "designed for and maintained to meet users' needs."

In his mind-stretcher conversations with railroad people, Smith has available both the carrot and the stick — the potential of significant increases in rail movement of GMI products, and the possibility of GMI policy changes which might reduce rail participation.

GMI is a changing, diversifying corporation. Half of its sales are accounted for by products that were not in the product line just five years ago. Food products continue to dominate the sales chart, however, accounting for better than 80% of total corporate sales. The big market—about two-thirds of total sales—is in the consumer-foods category. And this is also the big market for rail transportation.

● **Why rail is vital.** At present, both the sales and pricing policies of GMI encourage shipment by rail. In the grocery-products area, one sales force sells the entire line of four marketing divisions, Betty Crocker, Big G, Golden Valley and Sperry. Usually, a sale involves a mixture stretching from one end of the product line to the other — and this makes carload rail shipment attractive. About 85% of GMI's total carload movement of finished products comes from this single sales group (with the remaining 15% split among separate sales organizations of General Mills Chemicals, Inc., the Food Service and Protein Products Division and the bakery flour operation within the Sperry Division).

Smith points out, however, that GMI at some point could switch to a multiple-sales-organization — and that this might well lead to changes in distribution, increasing truck participation.

Pricing policies also affect shipping methods. Now, GMI and most other major companies in the grocery-products field price on a national basis, or at least on a large-region basis. Products are sold as of delivery, with the producer retaining title until delivery is made—and thus the producer controls choice of shipping mode. Of course, the producer shipper has a built-in incentive to seek out the most efficient and economical shipping methods as a means of generating savings (which can usually be retained because on a unit basis they're too small to pass along in the form of price reductions). This situation, too, encourages shipping by rail.

If pricing policies were to be changed, however, trucking might become more practical as a distribution method — quite possibly private trucking involving the fleets operated by the grocery chains which are the producers' immediate customers.

● **How GMI looks at railroads.** As he runs this transportation business—spending $50 million a year, with more than 70% going for rail—Smith hasn't ducked many opportunities to make his and GMI's views known. Among them:

—Railroads today, many of them, are more than ready for the kind of presentation GMI is making in the mindstretcher sessions. A couple of years ago, Smith believes, this wouldn't have been the case, at least not uniformly.

—In plant-location decision-making, primary considerations used to be costs of raw materials and transportation. Now, the key variables involve labor, taxes, utilities, as well as raw materials and transportation. And transportation considerations will be headed by equipment availability and service, not rates and routes.

—GMI has a legitimate interest in the quality of rail management as it relates to railroad performance. As a seller of food products and a buyer of transportation, Smith says, GMI faces two different kinds of competitive atmosphere. The grocery-products business is highly competitive, and if GMI can't deliver as promised or as expected, the chain store can find other suppliers eager to take GMI's place. On the other hand, GMI now has fewer options available in its purchase of transportation (though as Smith will point out, "Nothing is really captive, over the long-range").

—Some way should be found to

shipments in general-purpose cars.

keep so-called Class A box cars in true Class A condition for shipment of food products. If this means setting up a special fleet for food producers, freight-rate increases might well be needed. Smith is prepared for that. He's also prepared to talk in terms of better utilization of equipment, which would permit better management of equipment, and thus keep additional costs to a minimum.

—Rail service reliability is wildly variable, from one part of the country to another and even within regions. Smith gives high marks generally to western carriers, citing in particular the Lodi example with its 90% reliability in a 72-hour span and, even more impressive, a 65%-70% reliability figure for delivery on the day scheduled. GMI transportation people are less impressed with service dependability east of the Rockies.

—GMI is free to admit that until a few years ago it really knew very little about the quality of transportation it was buying. In 1966, however, GMI got off the pad with its Shipment Status System (S3) which, when fully implemented, will take the last bit of guesswork out of performance measurement. S3 is costing the company about $120,000 a year to operate. Obviously, GMI believes the expense is worthwhile. Bill Smith would add this observation: "If S3 achieves its objectives fully, it's going to enable us to improve our service to our customers. It's also going to help the railroads retain our business, and enhance their chances of getting more."

● **What equipment for GMI?** Smith and other top GMI transportation people—including E. H. Atchley, general transportation manager-Package Foods Operations Division, and Al Pearson, general transportation manager-services—come on strongest in their discussions of rail performance. But, in their context, it's impossible to separate performance from the kind and quality of equipment involved. And GMI is no stranger to the equipment-design shops.

Right now, GMI is looking at several possibilities — including Mini-Max and Mini-Piggi.

Mini-Max was developed out of GMI need for a comparatively low-cost car for movement of low-density products. One prototype all-door car has been turned out by U. S. Railway Equipment, and a second car, a revised prototype, is to be built. While GMI is pleased with the physical characteristics of the car, it regards the probable cost as a bit high, "closer to the $15,000-to-$16,000-range. per car than to the $11,-000-to-$13,000 original estimate."

However, Smith says, "GMI is continuing to seek new uses for Mini-Max. Its all-door concept may permit air-flotation, prestaged loading — and that potential is being evaluated by USRE." Prestaged loading, he adds, has definite value for GMI "but we cannot find the key to its implementation." One possibility, tested previously, involved loading of shrink-wrapped palletized units on 85-foot flat cars. There were attractive pricing elements for GMI and attractive return-on-investment elements for the railroads. But, Smith points out, the size of the transportation industry's cargo theft bill "says that an unprotected, shrink-wrapped unit just cannot be left in railroad yards."

GMI's interest in Mini-Piggi is based on an even more specific shipping need. Smith recognizes both a design quality feature and a service quality feature here. The combined qualities, he says, "will hopefully provide a fast, reliable container transportation between GMI plants and high-density customer locations, for example, between Buffalo and New York."

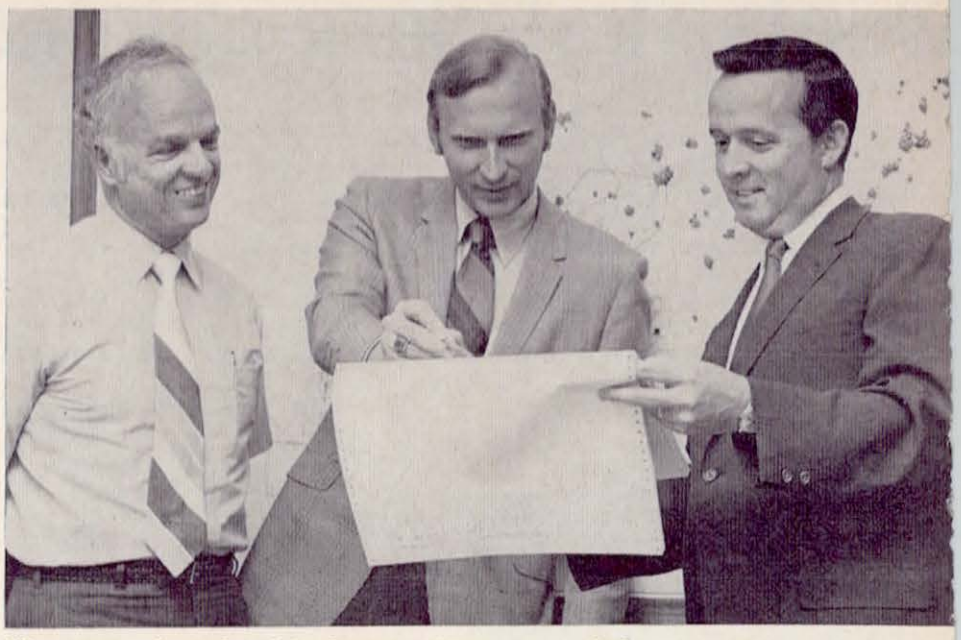
● **How about the box car?** While experimental equipment sparks GMI interest, however, the primary worry of GMI transportation officers centers on box-car availability. And Smith is not overly encouraged by what he sees.

GMI starts with a consideration of the "standard box car" and the kind of utilization that produces less than 17 revenue loads a year, or about 1.5 trips a month.

Were the standard car "more restrictive or more specialized," Smith says, "it would probably handle still fewer revenue trips per month." He follows through this way:

"Conversion away from the standard box car to a more specialized car is resisted because of reliability factors in carload service. But if cars were properly utilized — if there were a reliability factor in transit service to permit proper utilization — then a box car designed specifically for a single commodity could generate more revenue per dollar of investment than the standard box car.

"Specialized box cars are a means toward reducing the average value of an assigned car fleet, and thus the railroad investment in an assigned fleet. A projection of GMI customers' transportation—freight-car—requirements indicates that 60% of future shipments can be made in relatively inexpensive 40- and 50-foot general-purpose box cars and 40% in DFB cars. That projection indicates that GMI's box-car needs do not totally require supply of the $20,-



**"Lowest level of information we might need to review"**

Sometimes GMI's shipment status brings a smile from top transportation officers—and sometimes not. This report looks good to (left to right) William K. Smith, vice president—director of transportation; E. H. Atchley, general transportation manager packaged foods; and Al Pearson, general transportation manager—services. Pearson says that while GMI can get specific measurements (facing page) of its own plant performance, railroad in-transit performance, or lading damage, its programs are designed "to be flexible; to anticipate the lowest level of infomation we might need to review. We also try to be flexible. All our reports are 'demand' reports and can be scheduled at any time in the month."

CUSTOMER SERVICE REPORT-ISSUED BY TRANS DEPT + OR -1

Key Customer — April 1970

| Cust Code | Order Number | Destination | To Pit | Req Sd | Act Sd | Req Arr | Act Arr | Car Number | Route | + or - Ship | + or - Arr | + or - Tran | Rea son | Carr Caus |
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| 52731 | 31126976 | Solon | 0402 | 06 | 06 | 10 | 09 | BCK 001351 | 330091 | | | | | |
| 52731 | 31144113 | Solon | 0409 | 13 | 13 | 17 | 17 | BCK 002620 | 330091 | | | | | |

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| 52731 | 31150551 | Solon | 0409 | 13 | 14 | 17 | 21 | NW 054987 | 420121 | | 4 | 3 | 4 | NW |
| 52731 | 31144171 | Solon | 0409 | 14 | 15 | 18 | 22 | BCK 002285 | 420121 | | 4 | 3 | 4 | NW |
| 52731 | 31126977 | Solon | 0409 | 14 | 14 | 18 | 21 | DTI 019353 | 420121 | | 3 | 3 | 4 | NW |
| 52731 | 31126980 | Solon | 0415 | 20 | 21 | 24 | 25 | BCK 002051 | 420121 | | | | | |

| | Total Order | Ship on Time | Ship Late | Ship Early | Arrival On Time | Arrival Late | Arrival Early | Trans On Time | Trans Late | Trans Early |
|---|---|---|---|---|---|---|---|---|---|---|
| * | 11 | 10 | | 1 | 3 | 8 | | 5 | 6 | |
| ** | 13 | 12 | | 1 | 5 | 8 | | 7 | 6 | |

RAILROAD PARTICIPATION AND PERFORMANCE REPORT + OR -1

Plant Clear Lake — June - April 1970

System CGW CNW

| Route | Route Alpha | | Destination | Times Used | -3 | -2 | -1 | 0 | +1 | +2 | +3 | +4 | +5 | +6 | Std Trn | Avg Dev | % on Sched |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 210013 | CNW | PRR | Lancaster | 8 | 1 | | | | 1 | 1 | 2 | 1 | 1 | 1 | 8 | 3.0 | 12.5 |
| 210021 | CNW | | Minneapolis | 1 | | | | | | | | 1 | | | 4 | 4.0 | |
| 210023 | CNW | NW | Buffalo | 64 | 1 | 1 | | 8 | 17 | 15 | 7 | 8 | 2 | 5 | 7 | 2.2 | 39.1 |
| 210033 | CNW | | Chicago | 31 | | 6 | 9 | 7 | 6 | 3 | | | | | 6 | .4 | 71.0 |
| 210053 | CNW | NW | Toledo | 27 | 1 | | | 1 | 5 | 5 | 7 | 2 | 3 | 3 | 7 | 2.9 | 22.2 |
| 210063 | CNW | | W Chicago | 11 | | | | 1 | 3 | 4 | 2 | | 1 | | 5 | 2.0 | 36.4 |
| 210073 | CNW | RI | Dallas | 3 | | | | | | 1 | | | 1 | 1 | 6 | 4.3 | |
| 210093 | CNW | UP SP | Lodi | 18 | 1 | | 1 | 1 | 3 | 4 | 4 | 2 | | 2 | 8 | 2.4 | 27.8 |
| 210103 | CNW | CO | Buffalo | 3 | | | | | 1 | | 1 | | | 1 | 6 | 3.3 | 33.3 |
| 210113 | CNW | CO DTI | Toledo | 1 | | | | | | | | | | 1 | 6 | 6.0 | |
| 210123 | CNW | LN | Chattanooga | 11 | 1 | 2 | 1 | 1 | 1 | 2 | 3 | | | | 10 | 1.3 | 27.3 |
| 210143 | CNW | CBQ | W Chicago | 14 | | 3 | 3 | 5 | 2 | | 1 | | | | 7 | .4 | 71.4 |
| 210153 | CNW | PRR | Buffalo | 2 | | | | | | | 2 | | | | 7 | 3.0 | |
| 210183 | CNW | MP TP | Dallas | 1 | | | | | | | | | 1 | | 7 | 5.0 | |
| 210193 | CNW | PRR | Toledo | 2 | | | | | | | | 1 | | 1 | 5 | 5.0 | |
| | | | | 197 | 5 | 12 | 14 | 24 | 39 | 35 | 29 | 15 | 9 | 15 | | 2.0 | 39.1 |

RAILROAD PARTICIPATION - LOSS AND DAMAGE EXPERIENCE

Plant Lancaster — June - April 1970

System PC BA CJ CRI NH NYC

| Route Number | Route | Destination | No. of Shpmt. | Claim Number | Total Claim Dollars | No. of Claim | % Claims To Shpmts. | Avg $ Clm Per Shpmt. | Avg $ Per Clm. |
|---|---|---|---|---|---|---|---|---|---|
| 321271 | PRR | Murrysville PA | 23 | 403634 | 88.33 | | | | |
| | | | | 404939 | 26.76 | | | | |
| | | | | 404941 | 117.43 | | | | |
| | | | | 404962 | 36.60 | | | | |
| | | | | 404966 | 22.45 | | | | |
| | | | | 404968 | 111.98 | | | | |
| | | | | 406140 | 26.00 | | | | |
| | | | | 406144 | 33.68 | | | | |
| | | | | 406151 | 52.24 | | | | |
| | | | | 406152 | 12.66 | | | | |
| | | | | 406154 | 120.60 | | | | |
| | | | | 406168 | 24.04 | | | | |
| | | | | 406712 | 39.22 | | | | |
| | | | | 406714 | 35.38 | | | | |
| | | | | 407544 | 19.95 | | | | |
| | | | | 408754 | 25.29 | | | | |
| | | | | 408755 | 47.05 | | | | |
| | | | | 408758 | 26.55 | | | | |
| | | | | 408765 | 27.88 | | | | |
| | Totals | | 23 | | 894.09 | 19 | 82.6 | 38.87 | 47.06 |

CARRIER FOUL UP REPORT

Railroad CBQ — April 1970

Plant WCGO

| Route | Destination | Car Number | Act Ship | Act Arrv | Act Tran | Stan Tran | Cust | Order Number | Reason For Delay | Nbr Delays |
|---|---|---|---|---|---|---|---|---|---|---|
| 430063 | Toledo | GN 011059 | 0323 | 0403 | 11 | 6 | 74200 | 73012801 | Poor Rd Serv | |
| 430261 | Wadena | CBQ 049206 | 0330 | 0405 | 6 | 4 | 60102 | 38469252 | Poor Rd Serv | |
| 430371 | Hopkins | DTI 019389 | 0418 | 0424 | 6 | 4 | 76531 | 38445161 | Poor Rd Serv | |
| 430501 | Sioux City | UP 390406 | 0325 | 0401 | 7 | 5 | 49342 | 38522254 | Poor Rd Serv | |
| 430531 | Lincoln | KCS 014403 | 0403 | 0409 | 6 | 4 | 30432 | 38547944 | Poor Rd Serv | |
| 430651 | Boone | NYC 207742 | 0326 | 0406 | 11 | 7 | 28581 | 38520701 | Bad Order | |
| 430691 | Woody | CBQ 049606 | 0418 | 0425 | 7 | 5 | 43522 | 38542745 | Poor Rd Serv | |
| 430791 | Sioux City | MP 353778 | 0325 | 0401 | 7 | 4 | 67702 | 38540042 | Poor Rd Serv | |
| 431051 | Springfie | CBQ 043718 | 0410 | 0418 | 8 | 6 | 00043 | 35890404 | Poor Rd Serv | |
| 431211 | Pittsburg | MILW033939 | 0413 | 0420 | 7 | 5 | 02623 | 35839580 | Poor Rd Serv | |
| 431251 | Wichita | UP 112075 | 0417 | 0425 | 8 | 5 | 02922 | 35820750 | Poor Rd Serv | |
| 431271 | Kansas City | CBQ 023448 | 0417 | 0428 | 11 | 4 | 02951 | 35834320 | Lost Car | |
| 431421 | Joplin | CNW 034818 | 0417 | 0425 | 8 | 5 | 37353 | 35854399 | Poor Rd Serv | |
| 431471 | Kansas City | CEI 118288 | 0413 | 0424 | 11 | 4 | 64461 | 35834313 | Poor Rd Serv | |
| 431521 | Kansas City | ATSF521808 | 0407 | 0413 | 6 | 3 | 79681 | 35834295 | Poor Rd Serv | |
| 431941 | Eldorado | GN 019057 | 0403 | 0413 | 10 | 8 | 29051 | 38744401 | No Bill | |
| 432001 | Mexico | CBQ 049178 | 0415 | 0422 | 7 | 5 | 96281 | 38796281 | Poor Rd Serv | |
| 432571 | Des Moines | UP 390411 | 0416 | 0422 | 6 | 4 | 37581 | 38522289 | Poor Rd Serv | |
| 433161 | Prairie V | GN 013148 | 0408 | 0418 | 10 | 6 | 18041 | 35824821 | No Bill | |
| | | | | | | | | Total Plant | | 19 |
| | | | | | | | | Total Railroad | | 21 |

000-to-$24,000 'semi-general-use' Grocery Manufacturers Association cars designed for the food industry generally.

"GMI's ability to use less expensive, specialized box cars has permitted a substantial railroad disinvestment in the value of box cars assigned. The average value of an assigned box car has in fact dropped from $17,000 to somewhere between $10,000 and $12,000."

● **A look ahead.** What about GMI's equipment needs tomorrow? Smith tells railroad operating and traffic people this:

There will be a limited need for insulated box cars, but a broad and continuing need for the 40-foot box car "because of minimum weight restrictions on 50-foot cars, particularly in eastern territory, and because of unique marketing requirements of some segments of the food industry. The 40-foot car is more important to GMI than the 50-foot car," he says, "and both are far more important than the 60-foot car, for which almost no GMI need exists." Plug doors and pneumatic-type bulkheading are in favor, cushion underframes and sidewall-fillers less so — insofar as tomorrow's needs can be forecast today.

GMI's transportation people will also talk of other problems, some internal, some external. In-house, there is now the problem (and delay factor) involved in converting to a new computer system. The S3 program has high priority for implementation, but at this point Al Pearson can't set a date when S3 will be functioning at full efficiency. In-house and in dealings on the outside with customers and railroads, there are damage-claim problems (and among a number of roads GMI has worked with, transportation people are inclined to give a special commendation to Rock Island for helping to work out a particularly difficult situation).

## Additional factors

On the outside, other factors bear watching. One is the touchy matter of discrimination, in carrier dealings with this big shipper. A second is the equally touchy matter of competition, and how it may be affected by GMI's outspoken approach to transport improvement.

It may be true, for instance, that when GMI speaks carriers listen. Smaller shippers may convince themselves that the big shipper is getting an ear which they can't get. GMI takes a different slant—pointing out that the problems it's trying to get solved are not its problems alone, but those of many shippers dealing with a particular carrier at a particular point.

It may also be true that GMI's specific and publicly-vocal approach to transport problems sometimes leads its competitors to hint, imply or otherwise indicate that the service they get just might be better. For GMI's money, this doesn't hold up either—again, because the problems it's trying to get solved are not its problems alone, et cetera.

● **More tonnage, more quality.** GMI, in the person of Bill Smith does indeed have an individualist. And GMI, in its pronouncements on transportation, does indeed go a singular route. But Smith looks at railroads and at GMI's involvement this way:

—On railroads: "As railroad costs go up and as rail tonnage-handled remains on a plateau, each ton has to bear just a bit more, and more, of the costs. GMI rail tonnage is increasing, year by year. What we would really like to see would be railroads getting a lot more tonnage, from all profitable sources."

—On GMI's involvement: In everything we try to do, in statements to the ICC or to anybody else, we try to preach this company's need for quality in transportation. And fortunately, the company permits the sermon." ■

Industrial Development

# Competition for new plants gets tougher

In boom times, the operations of the railroad industrial-development officer may be taken for granted. Industry is expanding, money is available, the economy is on an upbeat—and it stands to reason that a goodly share of industrial expansion will take place at trackside.

In depressed times, however, the industrial-development officer really gets noticed. Industrial expansion is cut back, money is tight (even as inflation continues), the economy is sluggish. The competition for new plant locations and expansions becomes intense.

The approaches still differ, in good times and times that aren't. Some roads follow a policy of maintaining a landbank, some don't. Some are able to be choosier than others, in the kind of industry they locate on railroad-controlled land. The one thing in common is the effort—and its reflection in the way railroad ID people stay as close as a second skin to industry and to the people throughout the railroad's operating territory who are most interested in locating new industry close to good transportation.

● **Measuring the successes.** Railroads talk about industrial development in a number of ways—the value of the plants being built, the number of carloads of new business to be handled, the increase in freight revenues which the new and expanded industries will provide. None of these measures is a total one—since profitability of business can only be estimated in the absence of a calculation of cost vs revenue. But revenues do at least give a measure of the kind of ID activity that's going on. And the revenue figures—even taking into account recent depressed conditions—are impressive.

For instance, there are these reports on 1969 railroad ID successes:

—On Frisco, 112 new industries went into operation, with estimates that they will generate 37,000 carloads of new business annually and revenues of $5.8 million. Importantly, Frisco could report an ID "backlog" as of Jan. 1, 1970, of planned new plants involving an investment of about $117 million. From these installations, the railroads stands to gain about 48,000 carloads a year.

—Norfolk & Western checked in with 110 new plants (up 24 from 1968 figures) and expansions by 56 other companies. The projected revenue increase: $14 million.

—Illinois Central reported new and expanded industrial installations with a potential of adding $12 million a year to IC freight revenues.

—Southern's figures bore out the "industry-moves-South" slogan. Last year, Southern saw startup or establishment of 85 new manufacturing plants and 69 distribution facilities, plus expansion of close to 130 other facilities. And what's all this expected to mean to the railroad? More than $18 million in new revenues.

—Not surprisingly, Seaboard Coast Line had a similar story on 1969, and with even higher figures. SCL noted location of 373 new industries and expansion of 133 others, with projected new business for SCL totaling 115,000 carloads and revenues of $18.5 million annually.

In a cool economy, the plant-location effort heats up.

—Santa Fe was among the roads reporting greater ID interest in 1969 than in '68. If one more industry had come on-line, the road could have reported an even 400 permanent new industries. These industries, along with more than 300 others which were expanding or setting up temporary operations, are expected to add more than 95,000 carloads of freight to Santa Fe's traffic mix.

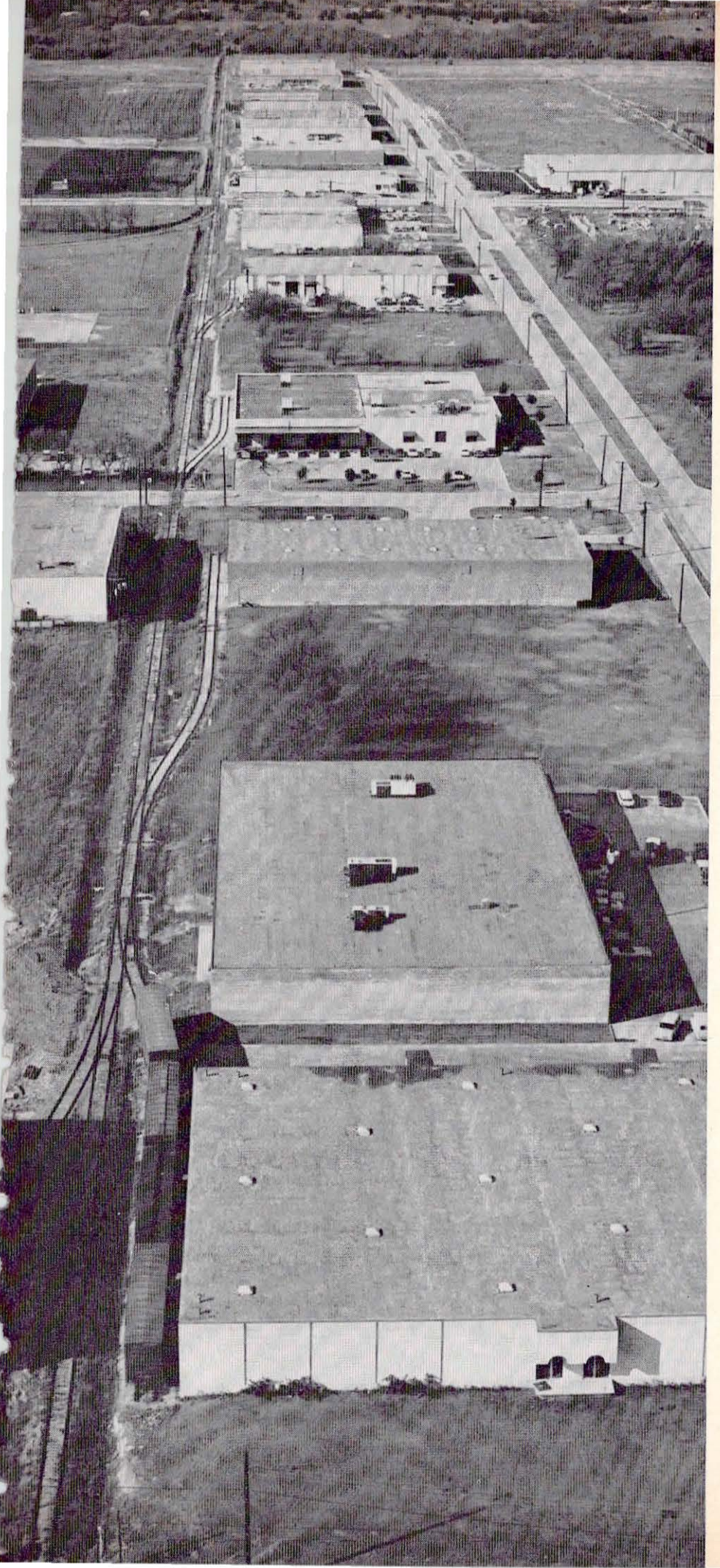
—Other roads were experiencing gains with smaller numbers attached, but the gains were still significant. There was Rock Island, with ID-related revenue increases of $8 million . . . Erie Lackawanna, $4 million . . . Soo Line, more than $2 million . . . Western Pacific, $1.6 million . . . and, among smaller regional carriers, Norfolk, Southern, more than $1 million and Illinois Terminal, about $800,000.

The list could go on—adding such roads as Chesapeake & Ohio/Baltimore & Ohio, Missouri Pacific, Burlington Northern, Penn Central, Union Pacific, Southern Pacific in the "most-active" category.

● **Land use under study.** In a number of cases, too, railroads were coming up with new studies aimed at making the best use of available land. Kansas City Southern is a case in point. New and expanded industries gave the KCS system about 18,000 new carloadings last year, with potential for 40,000 carloadings when all companies are in full operation. At the same time, KCS Industries was planning a comprehensive review of real estate uses—including a study by outside consultants, a review by management of the study results and a setting of specific goals for land development. KCS Industries' comment is typical of the flexible nature of ID efforts: "We have no preconceived notions concerning methods of development where decisions are reached to pursue development. Joint ventures, separate entities, internal development or combinations of various forms will be used as the interests of our shareholders dictate."

Study methods are also becoming more sophisticated. On UP, for instance, management instituted a new data program designed to let the computer help in site selection and in overall property management. UP's 1969 ID effort produced industry expected to account for more than 61,000 carloads a year. In the future, industrial-development programs should do even better, economic factors being equal. UP's aim, with the help of the computer, is to put the kind of statistical and engineering records into the memory bank that will make possible a matching of industry needs with optimum UP locations.

In this issue, Railway Age takes a look at the current ID programs of three roads—differing in size, location, availability of land. Each of the three—Santa Fe, Rock Island and Monon—has different problems, different assets, different pluses to offer. The three do have one thing in common: A record of current and recent successes in producing new traffic sources.



# Santa Fe's ID men look to the long haul

For nearly three years, Santa Fe has been promoting its 1,550-acre Argonne industrial district located 25 miles southwest of Chicago. You might think that after that long a promotion, the district would be filling up with industrial tenants. While there have been some industries located there, the Argonn situation is far from "no-vacancy." This isn't going to change rapidly. But Santa Fe isn't upset.

The lack of consternation is no reflection of a lack of concern. It is precisely concern—concern with the quality of industrial tenants—that makes Santa Fe proceed carefully in filling Argonne or similar areas.

Santa Fe is first a transportation company and only after that a land company, says Theodore A. Blaske, industrial development director. Yes, Santa Fe wants its sites filled with industry, Blaske says—but only industry that produces long-haul traffic for Santa Fe. And that is often a waiting game.

● **Do what must be done.** "It's expensive to hold land, but you have to do it," Blaske says. "It's non-productive to locate an industry on your property that will only produce a short switch-haul to or from another carrier. What we're looking for is road-haul traffic."

Argonne might be filled now, Blaske says, if Santa Fe were less discriminating. But Santa Fe isn't looking for eastbound traffic that would leave Santa Fe after one switching for an East Coast connection. Nor is it looking for traffic moving into Chicago for distribution by truck. It obviously is looking for traffic moving west.

Blaske puts it another way: "All tenants must pass a very close scrutiny by our traffic department."

The emphasis on traffic is just one part of Blaske's industrial-development thinking. He looks at the total picture with a range from community involvement to employee awareness.

Blaske's thinking includes:

—You don't wait for a community

**FOR INDUSTRIAL DISTRICTS** such as this one (Redbird, at Dallas) Santa Fe seeks long-haul customers.

to come to you; you go to a community and sell industrial development;

—You keep industrial-site availability balanced by buying land to compensate for what is filled;

—You follow what you believe is the trend in industrial development, corporate desire to be free of urban problems by locating new plants in small cities.

● **Show community what ID does.** Many communities, Blaske says, must be encouraged to look for growth possibilities if they want to reverse the exodus of their young people. But they often don't know how to lure industry, or they actually scare industry away.

"I know from personal experience," Blaske says,"that you can get the principal money people in a community to say what's good for the community is good for me—and that you have to get them to say it and believe it to get community ID projects rolling."

That takes communication, and, Blaske adds, "We do an awful lot of this." Santa Fe reaches civic leaders through ID department headquarters in Chicago and through regional offices. A film, "Blueprint for Progress," helps the railroad's ID men communicate.

"We go into communities cold, to generate interest as well as to follow leads," Blaske says.

Until September 1967 Blaske was in the field working directly with many of the communities he speaks about. At that time he came to Chicago and in July 1969 was made ID director in a reorganization that included the addition of commercial real estate development to the department's responsibilities. Blaske reports directly to J. R. Scott, vice president-real estate and industrial development, who supervises the over-all Santa Fe operation.

During his years in the field, Blaske says, he "always made it a point to get acquainted with the two or three top people in the community." Sooner or later, he says, the subject of industrial development would come up and he then could make his pitch: "Sometimes it took 30 days for this to bear fruit, and sometimes it took three to four years," he says.

● **Balance of land maintained.** As the message gets to communities and Santa Fe sites become occupied, railroad ID men must look for new land. Santa Fe now has about 22,000 acres available for industry, with 26,000 more acres that need some form of preparation for industry. How much more land Santa Fe buys "depends on sales," Blaske says. "We keep our inventory fairly stable."

Santa Fe is also anxious to assist communities or private developers, and works just as diligently to locate industries on such properties as its own: "Our goal is to attract industry to our territory that will supply us with traffic. We look for the property that fills the needs of the prospect, no matter who owns it."

The railroad must get a return on its investment when it ultimately sells the land, but it also attempts to hold its price down. "We try to get a fair price without driving anybody away," Blaske says, "and if our price is reasonable other property owners generally try to stay competitive."

● **ID benefits from employee help.** The same film Santa Fe shows to industry-starved communities it also shows to its employees as they move through the company training program. Like other railroad departments, industrial development needs to make a strong impression so employees will understand ID and thus be able to help.

"Every Santa Fe employee is a possible ID person if he'll just keep his ears open," Blaske says.

He cites the example of a relocation of a major variety-store distribution plant on Santa Fe lines. The tip about the company's desire for a change in its distribution setup came from a Santa Fe traffic representative in a city far from the plant's ultimate location. The Santa Fe salesman picked up the word during normal traffic solicitation activity.

● **Industry seeks escape.** What the Santa Fe salesman relayed to Chicago was an example of what Blaske sees as a solid trend in industrial development—industry's desire to get out of the big cities.

Looking at Santa Fe's far-flung industrial areas, Blaske currently sees the biggest percentage growth in development activities not in any big city, but in northeastern Kansas: "There is a clear trend away from the big urban centers to smaller communities for manufacturing and processing as well as distribution."

That's one reason Blaske is not overly-concerned about places like Argonne. "I think in time you're going to see many industries in Chicago proper move to such places," he says.

Blaske adds: "Industry executives are beginning to realize they can go to these small communities and not only find the facilities available for their business, but many of the social functions previously found only in big cities are now available there, too. Some industries feel their employes prefer the quality of life in small communities as compared to urban areas."

The industry and its personnel, however, aren't the only ones who benefit, Blaske repeats. And through it all, the railroad can play a profitable role as middleman. As he says: "There are any number of communities along our lines that have survived because of our ID efforts."



# A little road with big IDeas

Monon is the little guy, competing in the big leagues.

When J. B. Conn, Monon's vice president-industrial development, makes his pitch to an industrial prospect, he can be pretty sure that he's going to run into one of the giants—Penn Central, Norfolk & Western, Chesapeake & Ohio/Baltimore & Ohio, for instance—that blanket Indiana with railroad. But don't take up any collections for Joe Conn. For a variety of reasons, he's been able to hold his own.

The biggest single factor in Monon ID successes may be the simple fact that Conn does his homework—and stays in almost-constant contact with the local people who can help, the bankers and chambers of commerce and industrial-development corporations (which may hold industry-ready sites). He traveled 50,000 miles last year—almost all of it in Indiana, up and down the 540-mile road which lies like an "X" across the state.

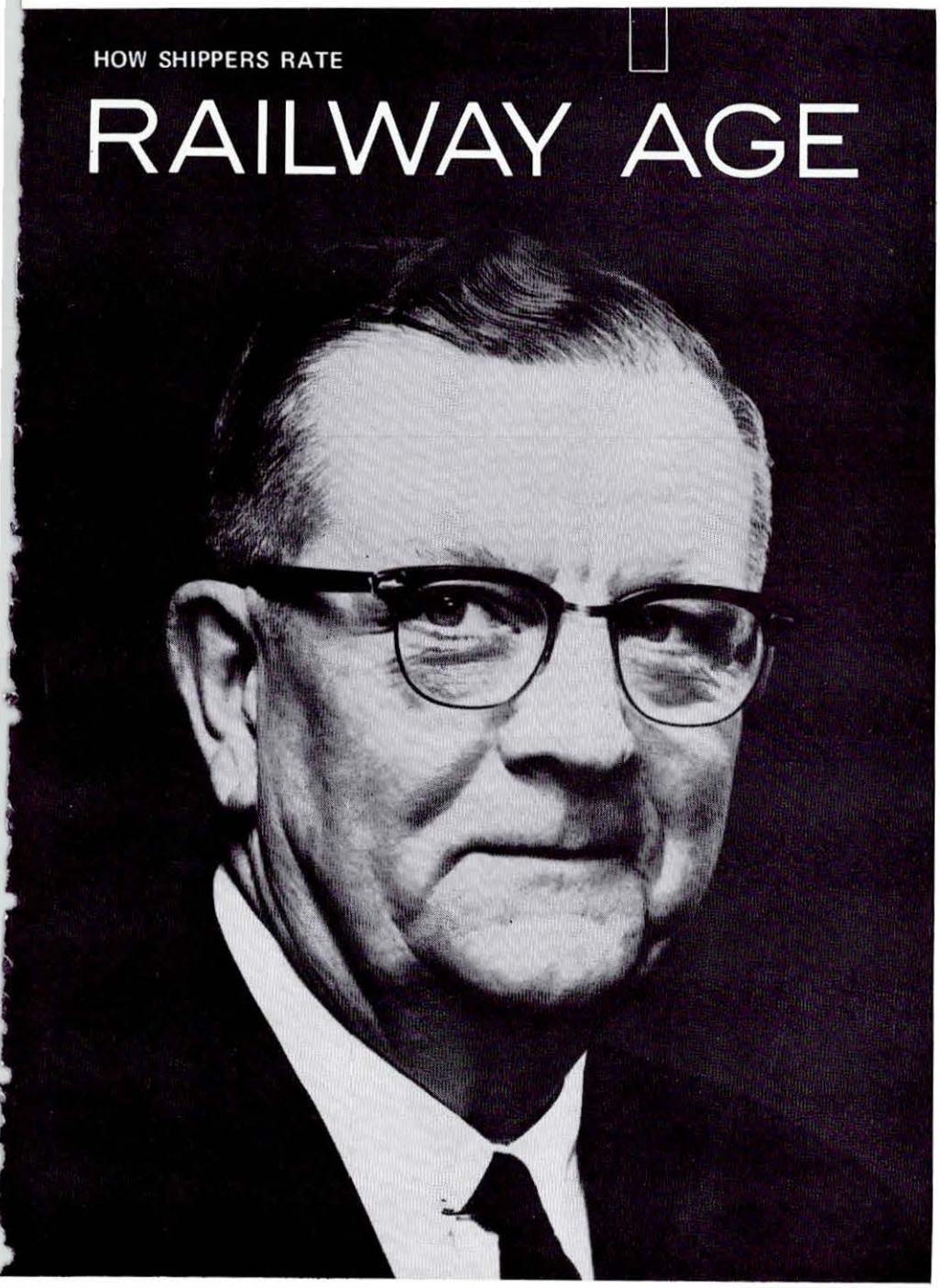
● **Problems to be solved.** The competition is intense. Industrial prospects do raise pointed questions concerning a small carrier's ability to provide equipment and to maintain a quality service. And there are limits to the amount of land a small carrier can assemble.

Conn takes a matter-of-fact approach to the equipment and service problems. It's true, he'll say, that Monon does not have large amounts of capital to invest in specialized cars. At the same time, he'll point out, much of the traffic which may be involved will be moving over two or more roads—and pool arrangements frequently can be worked out in which Monon, along with bigger connecting lines, will be able to meet equipment needs. On service, Conn has been able to turn Monon's position to an advantage—noting that "Through our connections with every major east-west road, we can give a shipper excellent choices in routing."

● **The land is there.** As for land availability, Conn does the best he can, through Monon and Monon Realty Company. Owned land is now available at Louisville and in Indiana at New Albany, Mitchell, Bloomington and Lafayette, where Monon is developing an industrial park. Additional sites in a

*(Continued on page 41)*

# "An important tool for transportation executives"




RAILWAY AGE is an important tool to transportation executives and provides a means of keeping informed on many of the new technological advances being made by the railroads.

For many years I have enjoyed the opportunity to take part in the monthly Traffic Poll. It has given me a cross-section view of how other traffic officers evaluate certain problems.

I have acquired much knowledge from both the magazine and the polls.

**—E.J. Davis**
Director of Traffic

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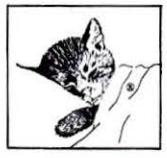

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Draft gear follower plates
Draft keys
Draft key retainers
Draft key retainer washers
End-of-car cushioning
End sills
Forged center plates
Grab irons
Hose Clamps
Industrial car parts
Journal box lids
King pins
Ladder rounds
Manway covers
Nozzles
Outlet caps (tank car)
Placard holders
Running board supports
Sill steps
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number of other Indiana communities are held by private investors with whom Monon's working.

There is one other edge which Monon holds—traceable to the nature of Indiana and Indianans. As Joe Conn puts it, "We're the Hoosier railroad, the local people we're dealing with are Hoosiers, I'm a native Hoosier. It's like a family affair."

In his day-to-day operation, Conn's primary contact is with the state Department of Commerce. He's also a member of the lieutenant governor's committee on industrial development—and, as such, gets quick notification of out-of-state industrial inquiries.

● **Farms and highways.** Agriculture-related industry is big on Monon's ID record. So is industry related to highway-building—crushed stone for aggregate, for instance. In the past year, Conn has been successful in locating two processors of crushed stone on line—one with a $1.5-million asphalt plant, the other holding contracts to supply 600,000 tons of stone.

Monon is also getting new business from a major manufacturer of radio/television/stereo cabinets recently located at New Albany. And this year the traffic mix will include pearlite, a volcanic rock used as a filtering agent by pharmaceutical firms and breweries. The rock itself comes from Colorado; two processing plants are on Monon, center of a principal marketing area.

● **Port and jetport.** Somewhat vaster projects are also taking a lot of Conn's time. He's been active in promoting development of the Burns Harbor port on Lake Michigan. And some of Monon's money has also gone into feasibility studies on the location of a new jetport in northwestern Indiana. With regard to the port project, he's confident that Monon can provide a quality service, particularly on inbound cargo. And with Monon lines bracketing the area under consideration for the jetport, he can see movement of substantial traffic in construction materials.

Conn came to Monon's ID job via a peculiar route. By background and training, he's an operating man—a former general superintendent. He got the job, he says, because he kept nagging, hollering and otherwise complaining that Monon wasn't getting enough new on-line business. "Finally," he adds, "they said 'Well, if you think you can do the job, here it is.' " Since that time, in 1967, Joe Conn and his secretary—who constitute the department—have both completed the necessary requirements and have been issued real-estate brokerage licenses. Since that time, too, he's been working with what he has. "We'd like to get General Motors or somebody like that," he says, but we must realize our limitations."

**BROKER FUNCTION** gives RI 300 new plants yearly.

Industrial Development

# Land-short Rock Island takes middleman role

On Rock Island, industrial development carries the same priority—the highest—as it does on other big railroads. But you wouldn't know it if the first thing you looked at was the amount of Rock Island acreage available for industry. The grand total is 530 acres. Compared with many other rail ID inventories, 530 acres is barely worth a line in an annual report.

The railroad's emphasis on ID, however, is worth many lines. It's an emphasis that is forged largely by the very fact that Rock Island is not a big landowner—but RI must be a big competitor for industry traffic.

The Rock Island ID emphasis is bolstered by the attitude that if you don't actually own vast acres of industry-suitable land, you must know where on your line such land is available—and you then must solicit industry locations on the basis of that knowledge.

● **The "middleman."** For Rock Island, consequently, the plan is to operate as middleman between people who want to sell land and people who need land for a plant. In the words of J. Otis Cathey, director of industrial development and real estate: "We concentrate on privately-owned land."

The mechanics of that concentration consist of (1) a force of aggressive ID reps; (2) a central file of landsites available along RI lines; and (3) commitment to ID geared to win traffic.

For effective ID efforts, Cathey says, "you don't necessarily have to have large land holdings of your own." His statement is more a rationalization of a fact-of-life than a starting principle. The fact is that Rock Island, not one of the land-grant railroads, doesn't have large tracts suitable for industry.

The lack of ID inventory makes a competitive situation even more competitive, Cathey says. The resulting principle, he adds, is "you must bring together the people who have land and the people who look for land."

The people who have land are state industrial groups, city chambers of commerce and ID groups, and private developers. The people who look for land, as far as Rock Island is concerned, are potential shippers.

● **ID reps without portfolio.** The people who look for the people who look for land, Cathey says, represent the key to RI industrial development efforts. It's true you could say that about any railroad's ID work. But Rock Island ID reps must stand on their own to a greater degree than ID reps of many other railroads. Rock Island ID men can't walk up to a prospective tenant and show a heavy list of Rock Island industrial sites.

Leader of Rock Island's "contact" force of ID reps is Elbert F. Smith, industrial development manager, who works from the Chicago headquarters. Smith is aided by J. E. McGreal, assistant to the ID manager.

The railroad's ID force includes a field structure consisting of C. C. McDonough and R. W. Morrison in Des Moines, W. P. Murray and Louis Stoorza in Ft. Worth, W. E. Hoffman in Little Rock, and D. H. Linde, who covers Missouri and Kansas from the Chicago office. In addition to designated ID reps, Rock Island's 200 freight salesmen also are counted in plant-location efforts.

The job of the Rock Island ID rep is to maintain daily contact with local landowners and planners. In the competitive situation that Rock Island faces, the local ID representative's job becomes one of community relations. Cathey is convinced that his men are

# Watching Washington

REID BEDDOW

## ICC HEADED FOR BANKRUPTCY?

It may well be that the biggest transportation bankruptcy of 1970 will not be the financial one of the Penn Central. Instead, 1970's greatest reorganization might be the political bankruptcy of the venerable Interstate Commerce Commission itself. If it is any consolation to harassed rails the ICC is besieged by critics these days with no out-of-house defender in sight. Complaints about the Commission pour in daily: from Congress, modes, shippers, Administration, press, and, of course, Nader's Raiders whose recently published-in-paperback study of the ICC has already sold out twice at bookstores here.

## WHAT THE CRITICS SAY

In recent weeks, six U. S. Senators—Mike Mansfield, William Proxmire, Philip Hart, Howard Baker, James Pearson, and Marlow Cook—have publicly denounced the ICC, and they were not just echoing constituents' carps: they were advocating actual abolition of the Commission. Note that three of the Senators are Democrats, three Republicans. Philip Elman, a departing member of the Federal Trade Commission, told the American Bar Association convention this month in St. Louis that all seven Federal regulatory agencies —ICC, CAB, FMC, SEC, FPC, FTC and FCC—should be combined into a single new agency. He said they have histories not of progressive regulation and fair adjudication but of bungling, timidity, and monumental slowness in satisfying both public and industry needs. Coincidentally, President Nixon's Advisory Council on Executive Organization proposed on Aug. 11 combining the three transport agencies.

## NO STRANGER TO CONTROVERSY

As the grandfather of all regulatory agencies, the ICC has always been no stranger to controversy. Richard S. Olney, Grover Cleveland's attorney general, predicted failure for the agency five years after its creation. In the vigorous anti-rail days of Theodore Roosevelt, Congressional critics of the ICC tried to whip it into shape with the Hepburn Act. In 1961, the Doyle Report lamented the role of the ICC as rule-maker, investigator, prosecutor, judge and jury; and quoted a rail official as saying, "Every rate case is a carnival of oratory." It is not possible here to enter into the thickets of the regulation vs deregulation argument. In fairness to the ICC, it must be said that politicians find it easy to kick bureaucrats while abrogating their responsibility for writing a coherent National Transportation Policy, the present muddled version of which ICC has loyally, if methodically, administered. But the number of straws in the wind indicate changes coming, and some say the chairmen of the House and Senate Commerce committees—Sen. Warren Magnuson and Rep. Harley Staggers—want ICC reform in 1971.

meeting the challenge. "Rock Island definitely has a good relationship with local people," Cathey says.

● **Trust and confidence.** The relationship is built on trust, Cathey contends. That trust covers two things—Rock Island ability to guard sensitive information and ability to provide effective counseling, Cathey says. "We have built a reputation for discretion. Community representatives know that sharing plans with us is a perfectly safe thing to do. They also know that when we tell them we have a good prospect for a tenant, we really do."

The trust is equally strong for counseling. In many instances, Cathey says, communities "openly expect us to counsel them." In many instances, "communities need counseling desperately."

"We offer full research and planning assistance at no cost to the community or industry," Cathey says.

● **RI central intelligence.** The job of statistics gleaned by field men falls on Chicago-based Joseph Ferran, ID representative-research, and custodian of the central ID file. Ferran was involved four years ago in the creation of the file. Now he's involved in a day-to-day updating of ID information.

Ferran directs four draftsmen in the creation of site data sheets. As resumes of available sites, Ferran says, the data sheet becomes the "opener" in discussions with prospective tenants.

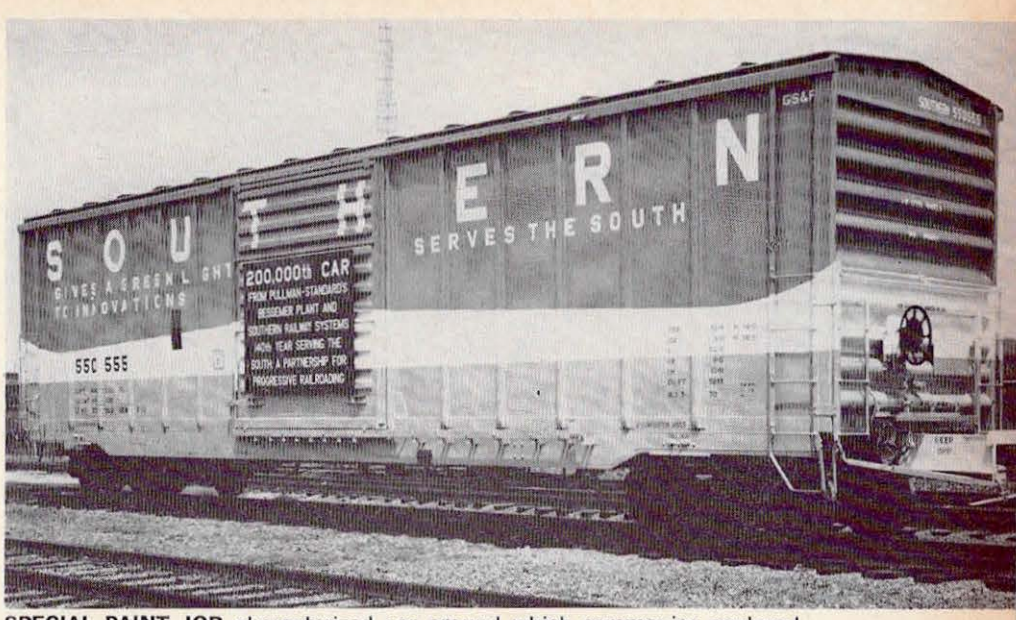
● **Emphasis on traffic.** Another thing Rock Island men tell prospective tenants is that Rock Island can provide the service they need. "We start off explaining what our railroad can do in terms of rates and routes," Cathey says. His words reflect a clear understanding that exists at Rock Island of the relation between ID and traffic efforts. Here, "traffic" specifically means shipments moving West, to give RI the long haul. For that reason, the railroad's ID men, Elbert Smith especially, often can be found in the East with firms having Western markets.

Another reflection of the ID-traffic understanding is the fact that Cathey reports directly to R. J. Orrico, assistant vice president-traffic. "Without ID," Orrico says tersely, "We simply couldn't grow with the rest of the nation. The responsibility is on our men to sell the idea of rail usage."

J. Otis Cathey's understanding of his ID responsibility may result most of all from Rock Island experience that definitely would promote such an understanding. Cathey moved through sales positions on-line and off-line from 1943 to 1968. He's seen the RI sales operation from every angle. Now that he sees it from the ID angle, he is superbly qualified to say: "We automatically consider traffic part of our work." ■

# Bessemer builds 200,000th freight car

## Largest P-S plant reaches a car production milestone.




**SPECIAL PAINT JOB** characterized car around which ceremonies centered.

They began a count-*up* at Pullman-Standard's Bessemer, Ala., carbuilding plant on July 15.

When the 7 a. m. whistle blew, signaling the start of the workday for the 2,300-man force, the count stood at 199,994. By mid-morning, it reached 199,999. Then, at 10:56, a pair of huge steel center-sill Zee sections were eased into a massive assembly jig at the starting point of the main production line, and the magic number—200,000—was reached.

The moment the sill sections were clamped in place, a yellow and black tag was attached to them. At the same time, similar tags, calling attention to production of the plant's 200,000th freight car, began appearing in other areas of the shop on sub-assemblies and other components which would eventually be parts of the special car.

● **From Bessemer to D. C. . . . .** Two hundred thousand of anything will command a lot of attention. But — 200,000 freight cars. Gathered in one place, they could blanket a four-square-mile area. Or, coupled together, they would stretch all the way from Bessemer to Washington, D. C., and back again . . . and there would be enough left over to equip just about every unit train operating on the railroads today.

Altogether, it took 41 years and orders from 83 different customers for the Bessemer plant to reach its impressive production figure. By sharp contrast, it took less than two days for the center sill to be transformed into an underframe, for other parts—sides, ends, roof, doors, floor, trucks and other accessories—to be added, and for all to emerge from the assembly line as the completed 200,000th car, lacking only a paint job.

As might be expected, though, the 200,000th car was given more than just normal treatment at the plant—and afterwards, too. For instance, it was not given the same type of paint job as the other cars in the 1,000-car order of 50-foot, 70-ton cushioned box cars for the Southern Railway. Instead of the normal red color common on Southern's box cars, the special car got a blue-yellow-green color combination of reflecting day-glo paint.

It also got a special 200,000th car stencil, applied by Elwyn T. Ahnquist, vice president and general manager of the carbuilder, and Clyde Horton, plant manager.

● **Service for the South.** The Bessemer plant, which is the largest in the P-S multi-plant chain (and is billed by the carbuilder as the largest of its type in the world), has concentrated much of its production capacity over the past 41 years in serving the railroads of the South.

Aside from 50-foot cushioned box cars like the 200,000th car for the Southern, the Bessemer plant also builds open and covered hopper cars, gondolas, pulpwood cars, flat cars and several other types of box cars, including the enormous 86-foot, high-cube auto parts cars and the 60-footers for transporting high-density auto parts.

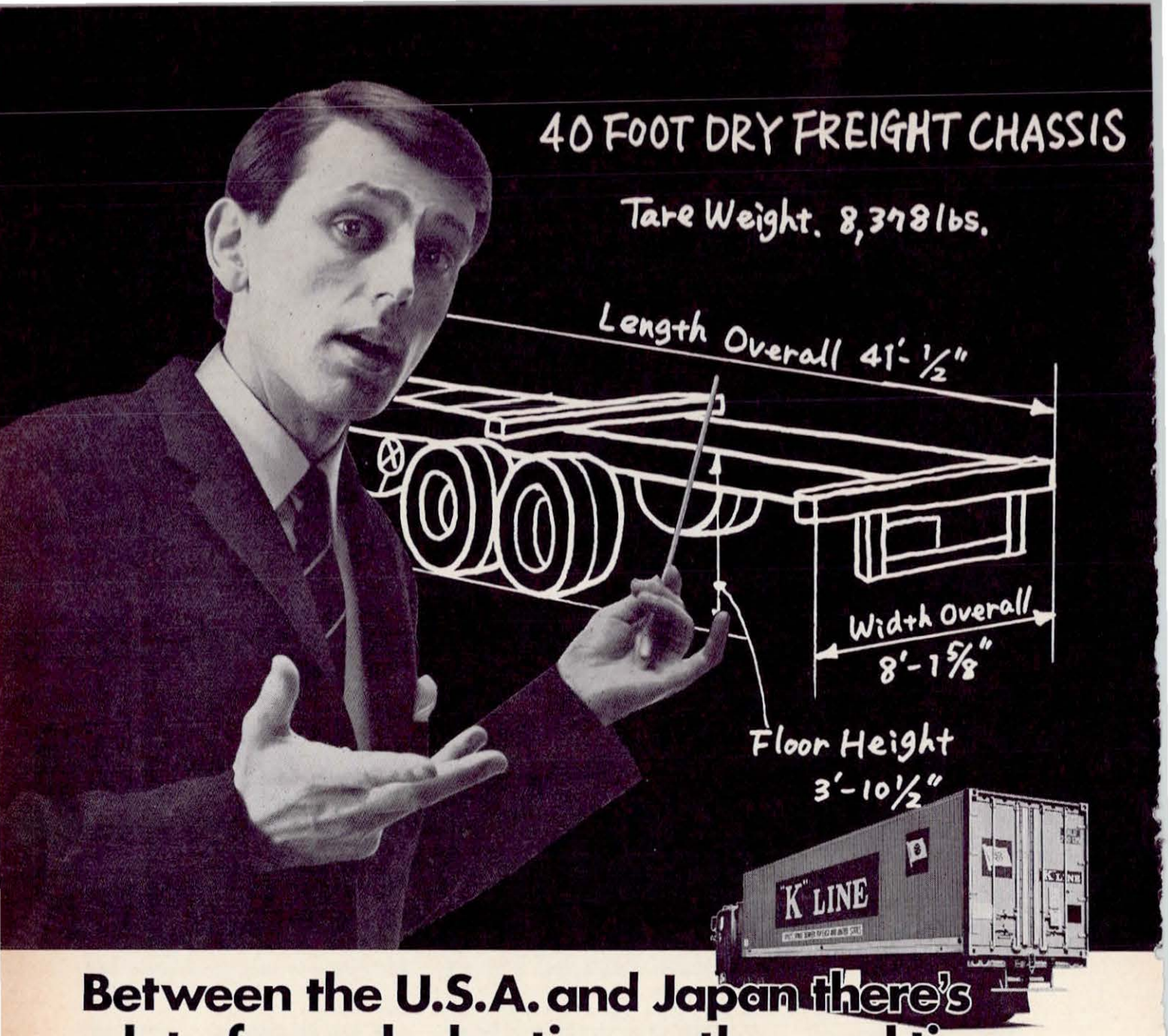
Another of the plant's distinctions is its role as a parts supplier for the Louisville & Nashville's carbuilding plant in South Louisville, Ky. For years, the Bessemer plant has been serving more-or-less as a back shop for the L&N's assembly line, providing a wide variety of parts and subassemblies for the new cars in production at the railroad's own shop.

● **Celebration time.** On Aug. 6, officials of the Southern, including W. Graham Claytor, Jr., president, and several of his top officers, along with George L. Green, president of P-S, Ahnquist and other key officials of the carbuilder, were guests of several Birmingham and Bessemer civic organizations at an all-day event hearalding the delivery of the plant's 200,000th car.

Before presenting Claytor with a model of the 200,000th car at a luncheon honoring the Southern, Green cited some of the dollar figures that have come about as a result of the road's purchases of equipment from the Bessemer plant. Car purchases have amounted to $342 million, with $205 million of that coming in the past 10 years. In the past decade, purchases made by P-S in the South for the Southern's cars have been sizeable, to $38 million in steel, for example, and $19 million in lumber, wheels and other such materials.

● **For the future . . .** Green followed up these figures with a pronouncement that, contrary to what was implied in a national business magazine the week before, Pullman Inc. has no intention of abandoning the railroad business. "May I assure you," he stressed, "that Pullman-Standard, as the world's largest builder of railroad freight equipment, has no intention of getting out of, or losing its share of a market with the potential of railway carbuilding."

Claytor, too, had some assurances regarding the Southern's and the railroad industry's participation in the growth of the nation over the next decade. In 10 years the railroads will be handling one trillion ton-miles, which is about one-third more volume than today's, he stated. Thus, he added, the industry will "require not only a steady increase in the number of available freight cars, but also continued improvement in the utilization and productivity of each car." ■

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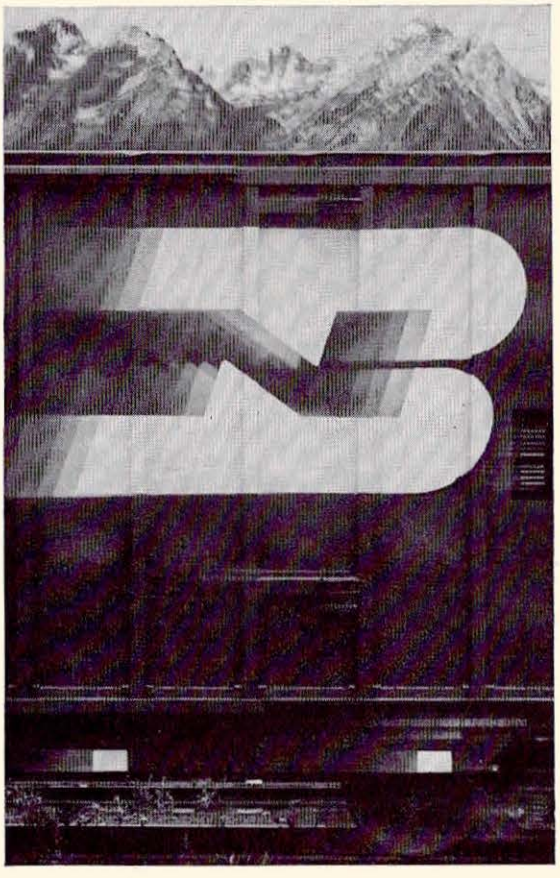
Circle 27 on coupon page 65

# Burlington Northern. Going places in the American West.



With the legend of the West, came the legend of the railroads.

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Burlington Northern. Uniting four great railroads into one. Along 23,000 miles of track in 17 states and two Canadian provinces.

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After all, a railroad is only as good as the people who run it.

And if one thing describes the people at Burlington Northern, it's a hard-driving, going-places spirit.

The kind of spirit from which legends are born.

**BURLINGTON NORTHERN**

*Going places in the American West*

**FOUR-MOTOR U36B** is already in service on SCL. Thirty units now running will be followed by 36 more in 1971.

# GE has 3600-hp U-series units

A fleet of new freight locomotives is plying between Richmond, Va., and Jacksonville, Fla., on Seaboard Coast Line. All 30 units are General Electric's newest model, the U36B—and an additional 36 are to be delivered to SCL during the first quarter of 1971.

The U36 marks the upping of GE's 16-cylinder diesel engine to a 3,600-horsepower output. C. S. Bressler, marketing manager of GE's Locomotive Department, notes that "the U36B represents another significant step in GE's continued efforts to meet the growing rail transportation demands with improved reliability and performance."

● **SCL's goal.** According to W. Thomas Rice, SCL board chairman and chief executive officer, the new locomotives are expected to give his road a new level of locomotive effectiveness and provide faster rail service in the Southeast.

"We are acutely aware of the ever increasing need to provide customers with economical, on-time delivery," explains Rice. "So, we are purchasing the most modern high-speed equipment to help us do the job."

The four-axle, four-motor U36B has the highest horsepower rating per axle yet achieved under American diesel locomotives. This 900 hp/axle configuration tailors the model specifically for high-speed freight operation although SCL reportedly has plans for allowing the U36B to be utilized at times in slower, heavy-tonnage operations.

● **Two models.** As with its previous U-series locomotives, General Electric will also produce a six-motor U36C which is tailored for heavy haulage. Dimensions and weights of both configurations will correspond with the 3300-hp versions which, until now, have topped the line of GE single-engine locomotives. This builder has also been producing a dual-engine 5000-hp model with six motors.

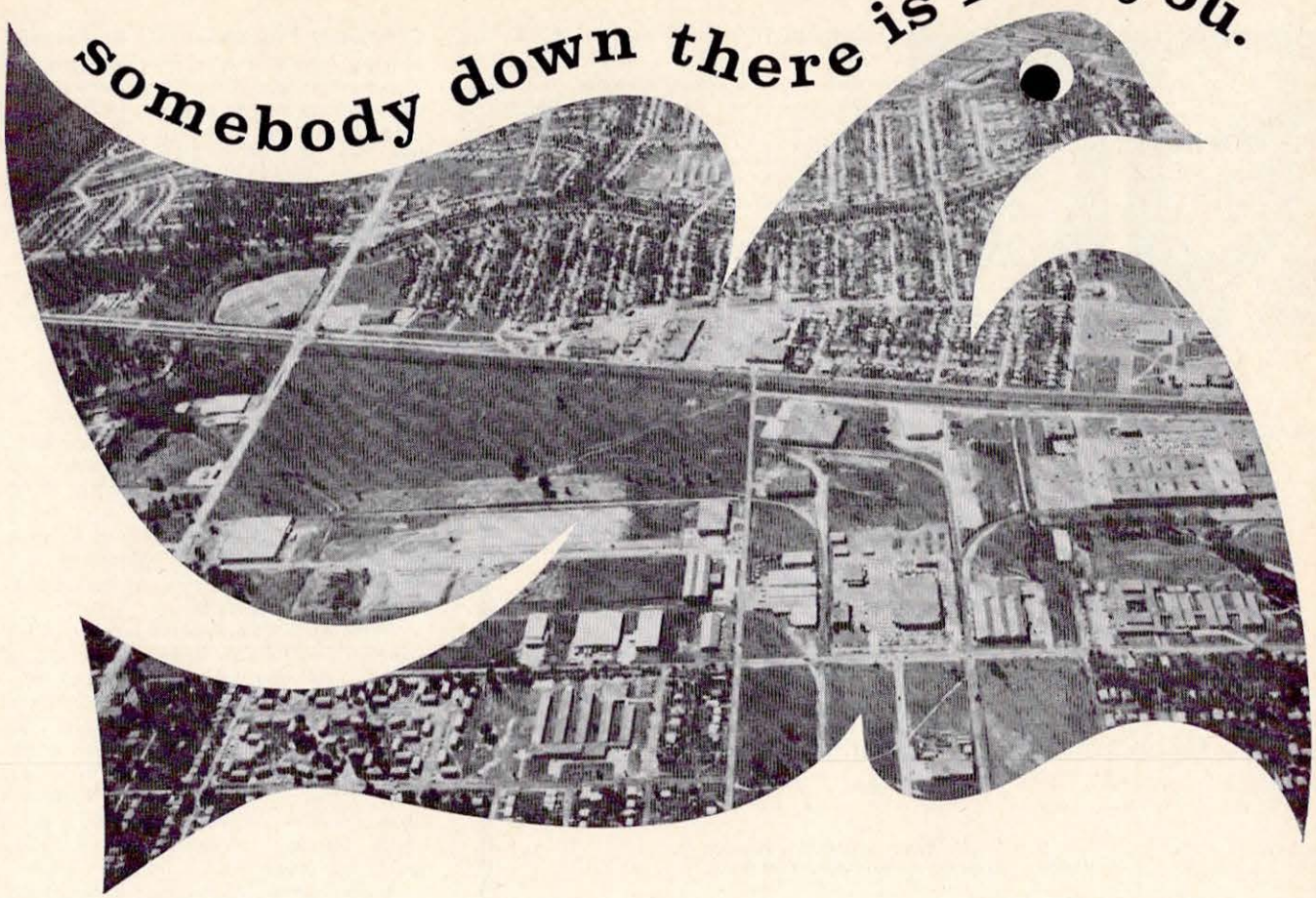
Dimensions of the FDL-16 turbocharged, four-cycle diesel engine are unchanged. The increase in output from 3,300 to 3,600 horsepower has been achieved by increasing the brake mean effective pressure (bmep); this involved introduction of components that allow a locomotive to operate reliably with the greater combustion pressures and temperatures.

GE's new steel-crown piston is bolted to an aluminum body. The steel gives high strength and temperature resistance in the combustion chamber at the top and increased wear resistance in the ring area at the side. Combined with this are a new design of radiator fan blade, new packaging for the traction current rectifiers and changes in the arrangement of locomotive air intakes. Changes in the angle of the standard radiator fan assure the pumping of sufficient air through the radiator to effectively meet the demands of the higher horsepower rating.

● **Interchangeability is maintained.** While there are some new components engineered for dependable operation at 3,600 hp, the U36 maintains a high degree of parts interchangeability with other GE models. The standard GTA-11 traction alternator, full-wave rectifiers and GE-752 traction motors are all utilized.

With the 81:22 gearing selected by SCL, the U36B has a maximum speed of 75 mph and 54,100 lb of continous tractive effort. The U36C has a 70 mph top speed and continuous rating of 90,600 lb.

# somebody down there is like you.



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Circle 9 on coupon page 65

# People in the News

E. R. Craven
BN

Bruce G. Anderson
BN

**BURLINGTON NORTHERN.—E. R. Craven,** assistant vice president, operations planning, appointed assistant vice president, operations, St. Paul. **F. S. Barlow, Jr.** appointed director of administration, executive department. **G. W. Saylor** named superintendent, Portland division. **J. G. Melonas** named operations manager, Portland region.

**Bruce G. Anderson,** chief engineer, system, named assistant vice president, engineering, to succeed **Douglas H. Shoemaker,** retired.

**J. H. Woolford,** trainmaster, Spokane, named assistant superintendent, Havre, Mont., to succeed **M. J. Sommers,** retired.


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Paine, Webber, Jackson & Curtis — Smith, Barney & Co. Incorporated

Stone & Webster Securities Corporation — Wertheim & Co.

White, Weld & Co. — Dean Witter & Co. Incorporated


**CANADIAN NATIONAL.—J. R. Gosselin,** assistant area manager, Montreal, promoted to area manager, Champlain Area, Montreal, succeeding **A. Olynyk,** promoted to general manager, passenger sales and services (RA, May 25, p. 76).

**W. A. Miller,** assistant superintendent equipment—car, Montreal Area, appointed mechanical officer car—freight, succeeding **H. H. Weitzel,** promoted.

**Rupert J. Tingley** appointed manager, Newfoundland area, St. John's, succeeding **G. D. McMillan,** named manager, Assiniboine area Winnipeg.

**Gerald S. Smith,** superintendent—express, Saskatchewan Area, Saskatoon, appointed manager passenger sales and services, Prairie Region Winnipeg, succeeding **J. J. Menary,** transferred to the Great Lakes Region, Toronto, replacing **W. G. McLeod,** resigned.

**Ronald E. Lawless,** system manager of container development, Montreal, appointed general manager, express and intermodal services there.

**Peter A. Clarke,** general superintendent express, Great Lakes Region, Toronto, appointed assistant manager, Toronto Area. **J. M. Ford,** assistant general superintendent express, Great Lakes Region, succeeds Mr. Clarke. **W. J. Nazarewich,** terminal traffic manager, Winnipeg, appointed superintendent, express, Saskatchewan Area, Saskatoon. **P. A. Strickland,** terminal traffic manager, Thunder Bay, Ont., succeeds Mr. Nazarewich.

**E. N. Dunnville,** terminal traffic manager, Hamilton, Ont., appointed terminal traffic manager, Toronto Express Terminal, succeeding **C. Renwicke,** promoted.

**A. G. Grant,** structural field engineer, Winnipeg, appointed construction engineer, Prairie Region.

**CANADIAN PACIFIC.—J. M. Lemire** appointed division engineer, Laurentian Division, Montreal, succeeding **J. A. Saunders,** resigned.

**CHICAGO & EASTERN ILLINOIS.—M. R. Haverty** named trainmaster, Dolton (Yard Center), Ill.

**CHICAGO & NORTH WESTERN.—F. F. Kruse** named division engineer, Western Lines division, Chadron, Neb.

**DELAWARE & HUDSON.—W. H. Lloyd,** track supervisor, Oneota, N.Y., appointed office engineer, Albany, succeeding **W. E. Bailey,** who retired July 1, after more than 38 years of service. **G. A. Davids** succeeds Mr. Lloyd.

**DENVER & RIO GRANDE WESTERN.—Albert L. Wernet,** material and fuel supervisor, purchasing department, retired Aug. 1 after 46 years of service.

**GRAND TRUNK WESTERN. — David Veitch,** assistant bridge and structure engineer, appointed to the newly created position of engineer administration, Detroit.

**Harry D. Gibson II** named to the newly created position of co-ordinator, freight

claims and loss and damage prevention, Detroit, in addition to his duties as manager, TOFC, containerization and merchandising.

**Robert G. Harris** and **Lawrence M. McCoy** named to the newly created positions of industrial development representatives, Detroit.

**GULF, MOBILE & OHIO.—J. J. Honness,** general foreman, Locomotive Department, Bloomington, Ill., advanced to shop superintendent there. **R. W. Paddock,** general locomotive foreman promoted to master mechanic, with headquarters remaining at Bloomington.

**ILLINOIS TERMINAL.—Thomas G. Byrnes** and **Fred C. Wilkinson** named trainmasters, Federal (Alton), Ill. **D. S. Theroff** becomes trainmaster, Decatur, Ill. **Glenn F. Knight** named trainmaster, McKinley Yard, Ill., succeeding **L. R. Cottrell,** resigned.

**KANSAS CITY SOUTHERN.—J. E. Gregg** named terminal superintendent, Shreveport, La. **P. J. Neal** appointed trainmaster, Heavener, Okla.

**KANSAS CITY TERMINAL.—P. E. Montague** named signal and communications engineer.

**LOUISIANA & ARKANSAS.—B. R. Amis** appointed assistant to superintendent, Baton Rogue, La.

**MILWAUKEE—Fred J. Swierenga,** assistant general freight traffic manager, Chicago, retired recently after 48 years of service. **William R. Hayghe,** district manager of sales, Dubuque, Iowa, transferred to Mason City, Iowa, to succeed **Herbert H. Jacobs,** retired.

**Harold T. Paton,** assistant division engineer, Savanna, Ill., named division engineer, Chicago Terminals and Terre Haute divisions, Bensenville, Ill.

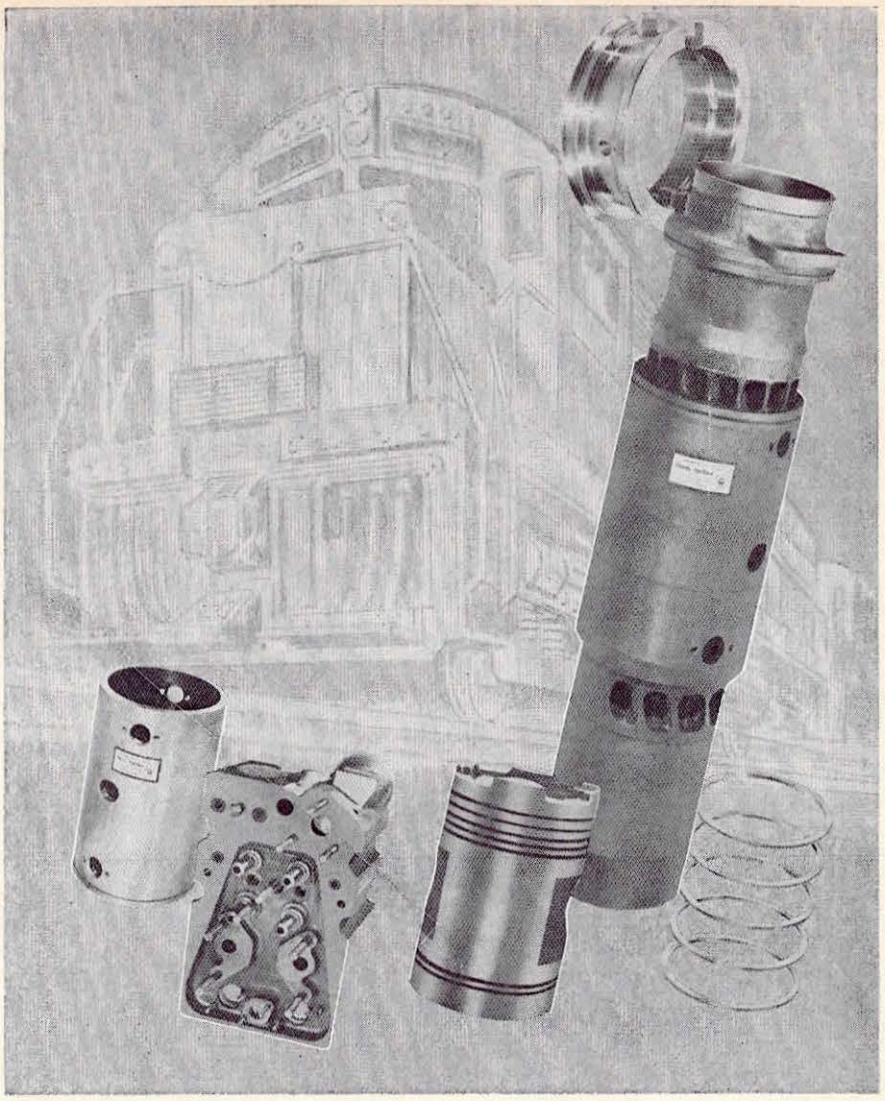
**Robert J. Young** named district manager of sales, Chicago. He was formerly district sales manager, **Indiana Harbor Belt.**

**MINNEAPOLIS, NORTHFIELD & SOUTHERN.—I. W. McPherson,** executive vice president, Minneapolis, Minn., elected vice chairman of the board of directors. **D. J. Boyer,** treasurer and secretary, elected executive vice president. **Dennis B. Kowal** appointed auditor disbursements, succeeding **R. A. Nelson,** elected treasurer-secretary.

**MISSOURI-KANSAS-TEXAS. — Joe C. Crawford** appointed general attorney, Dallas, Tex.

**Melvin W. Compton** named auditor-corporate accounting control, and **Maynard E. Stringer,** manager-taxes. **Benjamin W. Hetz,** auditor-taxes, retired June 1.

**MISSOURI PACIFIC-TEXAS & PACIFIC.—C. Percy, Jr.,** assistant superintendent, Palestine division, San Antonio, Tex., promoted to superintendent, DeQuincy division, DeQuincy, La. Mr. Percy's successor

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Circle 16 on coupon page 65

is **V. M. Driskill,** trainmaster, Muskogee, Okla., who in turn is succeeded by **M. E. Wright,** transferred from the **Texas Pacific-Missouri Pacific Terminal Railroad of New Orleans-New Orleans & Lower Coast Railroad,** Avondale, La. **C. L. Cummings** replaces Mr. Wright.

**G. O. Oliver,** freight traffic manager, St. Louis, retired May 31 after 45 years of service. **D. S. Blanchard,** assistant traffic manager-Gulf Region, Houston, named traffic manager, Pittsburgh, Pa. **W. T. Higginbotham,** assistant traffic manager, Houston, succeeds Mr. Blanchard, and in turn is replaced by **D. F. Dammann,** general agent, Baton Rouge, La. Mr. Dammann's successor is **J. E. Littrell,** traffic representative, Shreveport, La. **Clyde E. Hirsh,** assistant traffic manager, Little Rock, Ark., transferred to Atlanta, Ga., to succeed **O. W. Storck,** who retired April 30 after 42 years' service. **J. E. Large,** general agent, Los Angeles, retired April 30.

**B. E. Kerlee,** superintendent, Northern division Kansas City, Mo., transferred to the Palestine division, Palestine, Tex., succeeding **J. A. Austin,** resigned. **H. E. Handley, Jr.** replaces Mr. Kerlee. **H. W. Ritter** named superintendent, Rio Grande division, Big Spring, Tex. **R. K. Davidson** becomes assistant superintendent, Ft. Worth, Tex. **J. P. Crump** appointed trainmaster, Addis, La., to succeed **J. R. Hinton,** resigned. **J. P. Bonewitz,** assistant trainmaster, Atchison, Kans., named trainmaster, **Chicago & Eastern Illinois** *and* **Missouri-Illinois,** Salem, Ill., succeeding **G. J. Crain,** resigned.

**C. A. Becker,** traffic manager, Pittsburgh, retired May 31 after more than 40 years' service. **R. C. McDonnell,** assistant general agent Portland, Ore., named general agent there.

**W. J. Kilgore,** traffic representative, Grand Junction, Colo., advanced to general agent Los Angeles.

**Robert E. Brandt** named general freight agent, St. Louis. Mr. Brandt was formerly general freight agent, **Chicago & Eastern Illinois,** St. Louis. **N. W. Mikus,** assistant general agent, Davenport, Iowa, appointed far eastern representative, Tokyo, Japan.

**MISSOURI PACIFIC.—R. M. West, Jr.,** trainmaster, Newport, Ark., promoted to assistant superintendent, Memphis, Tenn., to succeed **D. W. Welch,** promoted. Mr. West's successor is **D. M. Neely,** trainmaster, Jefferson City, Mo., who in turn is succeeded by **J. M. Begley,** transferred from Kansas City, Mo. **P. L. Tucker** replaces Mr. Begley.

**MONON.—Marty M. McGuire** named district sales manager, Jacksonville, Fla.

**Arthur H. Vaslie,** assistant freight traffic manager, Chicago, promoted to freight traffic manager there. Mr. Vaslie's successor is **Jack Riley,** general freight agent, Chicago.

**READING.—Thomas P. Rochford,** assistant auditor of disbursements, named auditor of disbursements, Philadelphia.

**Warren L. Fisher,** superintendent freight car construction, Reading, Pa., appointed superintendent, Reading Car Shop. **Donald Wilson,** division general foreman—cars named car foreman. **Richard A. Stefanowicz,** general car supervisor, appointed production and planning supervisor.

**Thomas H. Ramsey,** senior vice president—traffic, Philadelphia, retired June 30, after 47 years with the Reading. **Oscar P. Benjamin** now heads the freight traffic department as vice president—traffic.

**Frank G. MacKenzie,** economic and cost research engineer, named manager—property taxes.

**Richard B. Hoffman,** superintendent yards and terminals, Philadelphia, appointed manager operations. **David E. Schafer,** operating superintendent—Planning and control succeeds Mr. Hoffman and his former position is discontinued. **Joseph X. McClain,** trainmaster, Coatsville, appointed to the new position of assistant to general manager operations.

**ROCK ISLAND.—Joseph Hyzny, Jr.,** staff assistant to the director of economic research and cost control, appointed manager—cost development.

**William E. Barnett,** assistant purchasing agent, Chicago, named purchasing agent there, to succeed **Harry W. Berg,** who retired recently after more than 49 years' service.

**Melvin R. Hathaway,** manager-mechanical control, Kansas City, Kans., appointed director of freight claim prevention, Chicago. **Jerry B. Anderson,** chief clerk, Houston, named trailer sales representative, Oklahoma City, Okla. **Frank R. Heimmel, Jr.** becomes trailer sales representative, Philadelphia.

**Henry C. Christie,** manager of engineering and design, appointed general superintendent-car; **Gary W. Widell,** manager-customer equipment services, named manager mechanical engineering and research; **James R. Pehlke,** assistant to the director of economic research and cost control, named manager mechanical controls, all with headquarters at Kansas City, Kans.

**Thomas J. Hull,** terminal superintendent, Kansas City, Kans., appointed senior assistant superintendent, Missouri-Kansas division there. **Stanley R. Schreckengost,** trainmaster El Reno, Okla., succeeds Mr. Hull.

**Clarence H. Gray,** terminal superintendent, St. Louis, appointed to the newly created position of assistant to the general manager, Houston. Mr. Gray's successor is **G. H. Busse.**

**SOUTHERN.—William G. Spearman,** superintendent terminals, Greenville, S.C., appointed superintendent terminals, Spartanburg, S.C.

**Lloyd M. Roberts** appointed special supervisor of fire prevention, Knoxville, Tenn.

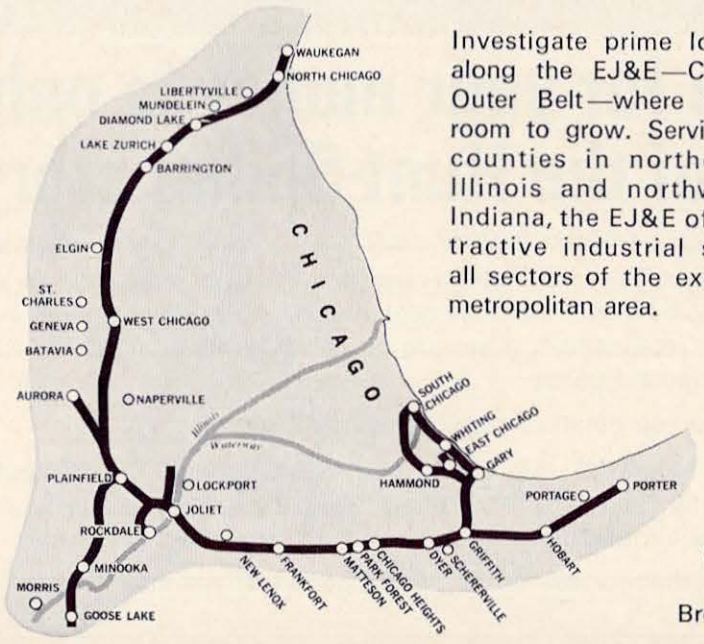
**Louis G. Sak** appointed director, equal employment opportunity, personnel administration, for the Southern, Washington, a new position.

**R. Frederick Phillips** named research specialist, Industrial Development department, Washington.

**Bert T. Combs,** former Governor of Kentucky, retained as local counsel for the Southern in Kentucky.

*(Continued on page 57)*


# CHICAGOLAND INDUSTRIAL SITES

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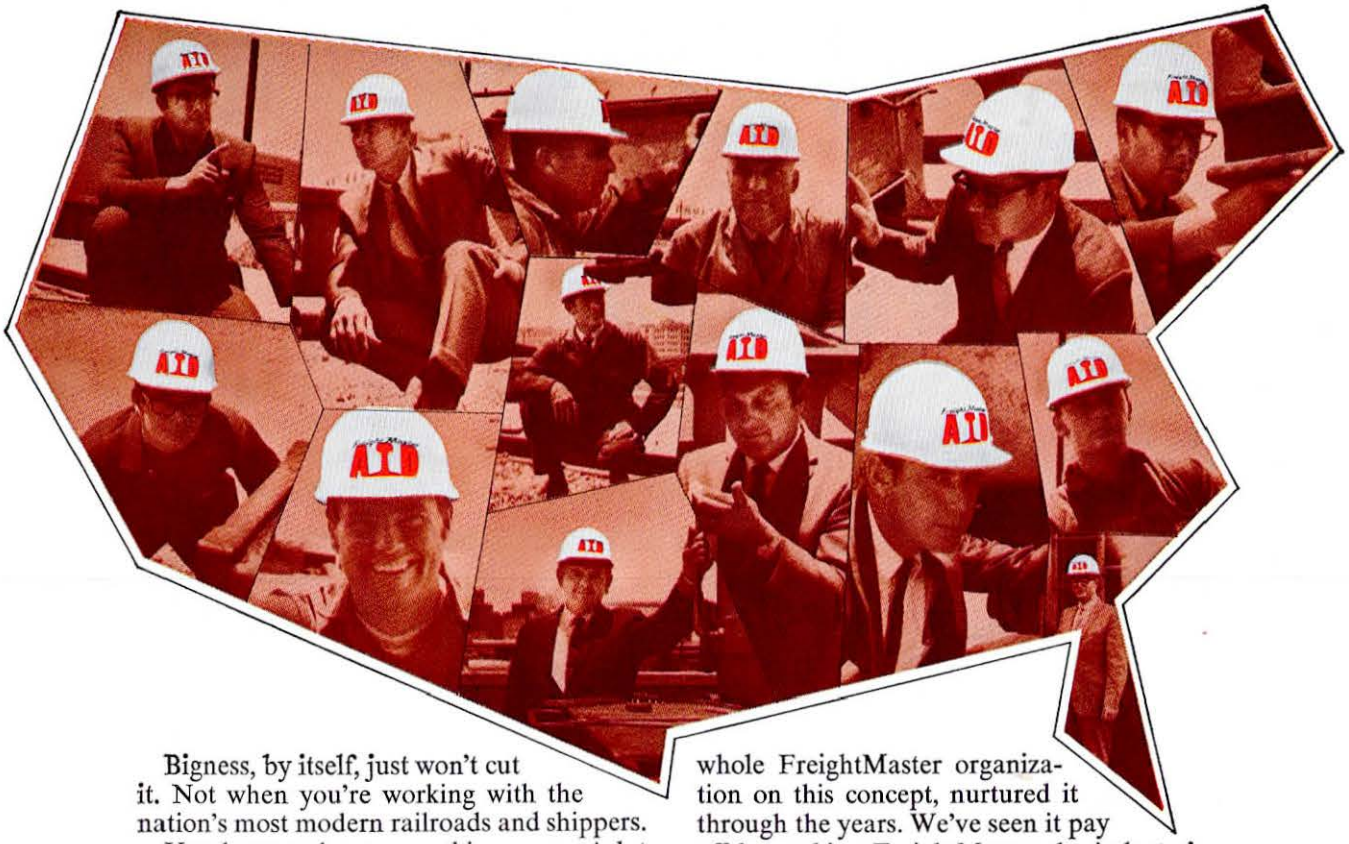
Circle 17 on coupon page 65

# FreightMaster's AID* personnel cover the nation... the quality of their service is just as big.




Bigness, by itself, just won't cut it. Not when you're working with the nation's most modern railroads and shippers.

You have to have something more. A lot more. You have to have trained, experienced, and *dedicated* personnel who are ready and willing to go the extra mile when it comes to providing quality service.

We at FreightMaster® set out to achieve that performance level when we created our AID, Assistance-In-Depth, service organization. That's why we covered the nation with service personnel that were hand picked to provide the highest caliber of service. We trained them to a high standard of excellence, too.

More important though, was instilling a sense of responsibility in each and every one of them. The sense of responsibility that we at FreightMaster feel is at the heart of every good job that is well done. We created the whole FreightMaster organization on this concept, nurtured it through the years. We've seen it pay off by making FreightMaster the industry's leading supplier of end-of-car cushioning equipment.

We're following a proud heritage when we set the pace of leadership in customer service. Our parent company was founded nearly 50 years ago on the highest ideals of service. These ideals and their unflagging, unexcelled execution has made Halliburton Company a giant of the industry with almost a billion dollar annual revenue. Halliburton set high standards — we're determined to maintain them.

While others are making promises, our FreightMaster AID service group is *making sure.* And that's the way it should be with leaders, whether you are a shipper, railroad ... or a dedicated supplier to both.

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When a long train takes up its slack it'll just about jerk a bottle of beer out from under its cap.

Which is why we engineer our piggyback vans with the strongest rear ends in the industry. And the strongest front ends in the industry. Not to mention the strongest couplers.

A Fruehauf Z-van will take load shifts that burst other equipment. They railroad like nothing else on the market.

May we send you some specifics? Call any branch or write Fruehauf Division, Fruehauf Corporation, 10942 Harper Avenue, Detroit, Michigan 48232.

Fruehauf — the Total Transportation people.

**You're way ahead with Fruehauf behind you.**

# to your neck whiplash.

# "Dear Southern Railway: What are you doing to help clean up the environment?"

## Our answer to her helps clear the air for you, too.

Schoolchildren have asked us that question. And since it concerns everyone, we want to share our answer with you.

Of all the widely used forms of transportation today, trains produce the least pollution for what they carry. That's because diesel engines by nature are very efficient users of fuel. And remember, a single locomotive can haul huge loads that might require 100 individual trucks or scores of airplanes.

Southern was the first to convert completely from steam to diesel locomotives. We keep their emissions at an absolute minimum by using the highest quality fuel and by putting them through maintenance each month. For the future, we're also looking into other answers.

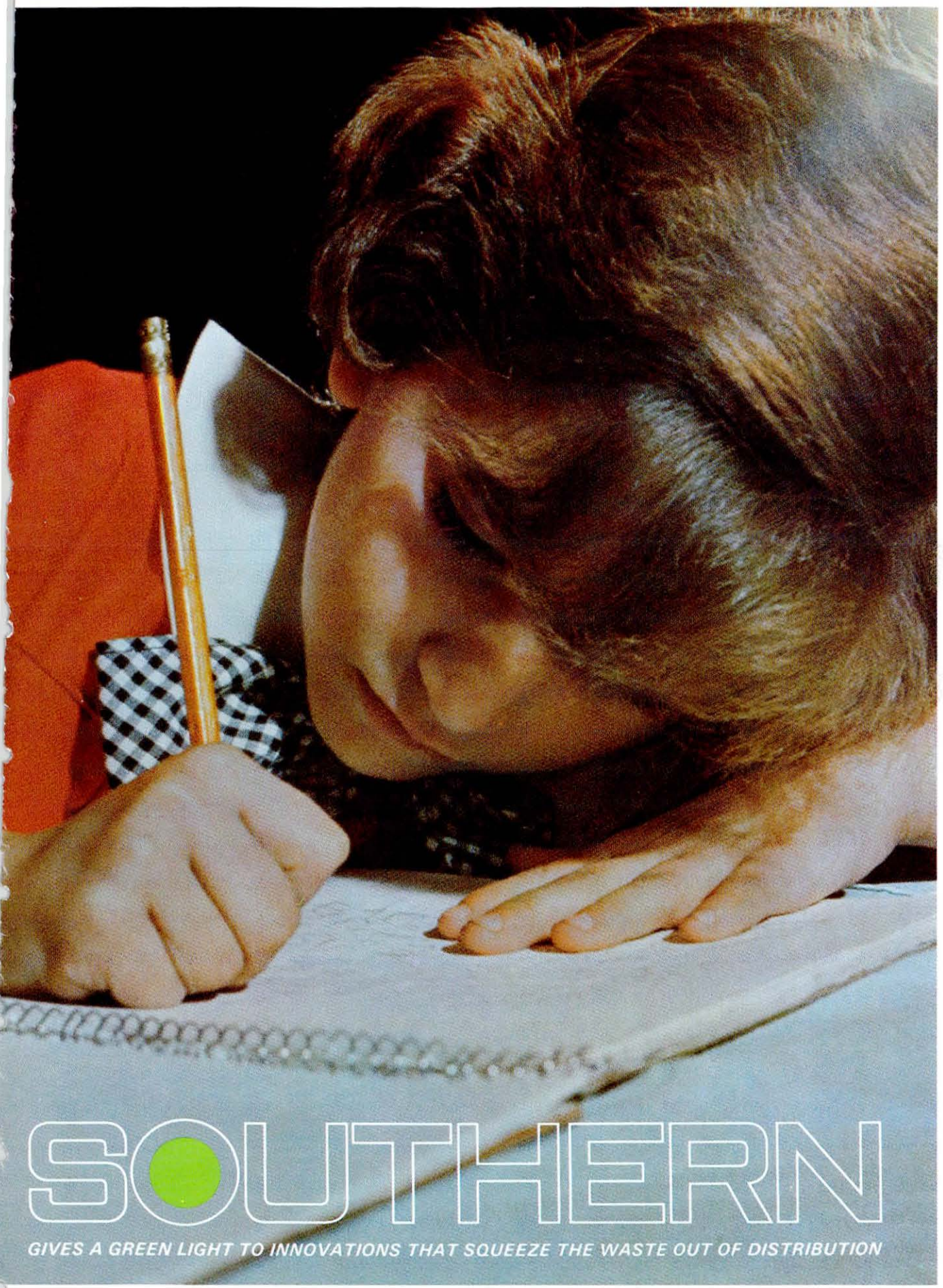
So while Southern and all the other railroads together produce a minimum of pollution—we're working to reduce even that.

**Pollution from burning city trash** is another problem we're tackling. We would compress and sanitize city refuse, haul it to sites that need landfill, and cover it with soil. It's cheaper than burning, cuts pollution and makes useless land useful.

To learn more, send for our free booklet, "Trash can be Beautiful." Write Southern Railway System, Dept. MWD, P.O. Box 1808, Washington, D.C. 20013.

SOUTHERN RAILWAY SR SERVES THE SOUTH

LOOK AHEAD LOOK SOUTH



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# "Max, how fast can you guarantee a car reservation?"

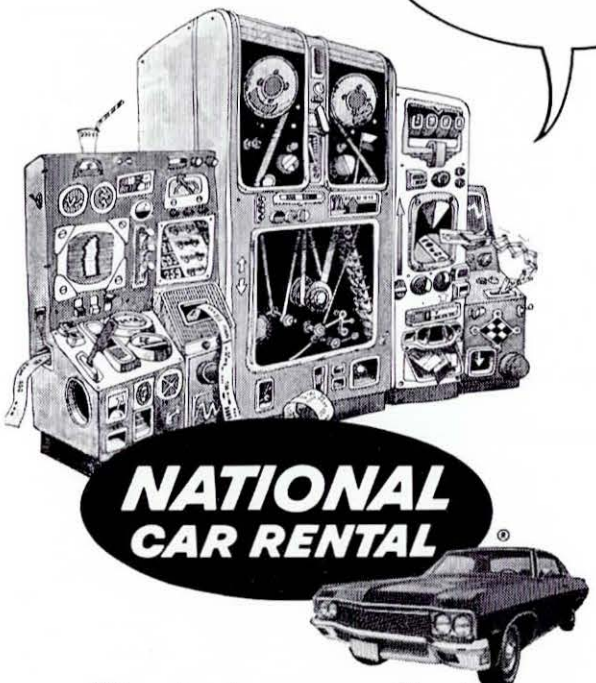
Max, our computer, gets a little carried away sometimes. Just the same, he's a mechanical marvel. He's on duty 24 hours a day, keeping a constant inventory of all our cars. That's why only National can *guarantee* reservations.

Wherever you are, when you call National toll-free at 800-328-4567, we just ask Max if there'll be a car waiting for you.

Max knows, at the instant you call, what cars are available at every National location. When he says yes, he isn't guessing.

National features all new Chevys, Pontiacs, Buicks, Oldsmobiles, and Cadillacs, and other fine cars, at 2400 worldwide locations.* And in the U.S. you'll get a fist full of S&H Green Stamps, too. So please excuse Max's conceit. After all, Max knows he's the only computer that guarantees car reservations. And only National has Max. Let Max do it.

*Tilden-Rent-A-Car in Canada.



We make the customer No. 1.

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**James L. Gurkin,** terminal trainmaster, Greensboro, S.C., appointed superintendent terminals there.

**SOUTHERN PACIFIC.—Clayton E. Ward,** general traffic manager, Chicago, advanced to assistant vice president-traffic, San Francisco. Mr. Ward's successor is **Robert A. Houck,** traffic manager, Chicago. **James J. Harr,** traffic manager, New York, promoted to the newly created position of assistant general traffic manager, Chicago. **Robert E. Wynkoop,** assistant traffic manager, New York, succeeds Mr. Harr, and in turn is succeeded by **Bernard E. Transano,** transferred from Phoenix, Ariz. **John Lubimir,** city freight and passenger agent, Oakland, Calif., named to the newly created position of supervisor of Auto-Trans traffic, San Francisco. **J. C. Presswood,** district freight agent, Dallas, named general freight agent there, succeeding **N. W. Smith,** retired. Mr. Presswood's successor is **W. H. Abernathy. L. G. Byron,** district freight agent, Galveston, Tex., named to the new position of district freight agent, Houston. **W. J. Manix** replaces Mr. Byron.

**N. W. Smith,** general freight and passenger agent, Dallas, and **H. A. Shiver,** assistant district freight and passenger agent, Houston, retired June 30.

**W. T. Sapling** named special assistant, natural resources, San Francisco.

**H. N. Fodness** named to the newly created position of manager-corporate taxes. **R. E. McCarty, P. J. Murphy** and **J. Otahal** appointed assistant managers-corporate taxes.

**WESTERN PACIFIC.—James K. Brennan** named manager-rules and safety, San Francisco.

## INDUSTRIAL TRAFFIC

**Harvey E. Chapman,** general traffic manager, **S. S. Kresge Co.,** Detroit, Mich., has been elected vice president of transportation and distribution. **Kenneth L. Dunkel** has been elected vice president of merchandise systems and distribution operations.

**Frederick A. Holt** has been appointed manager, corporate distribution analysis, **American Home Products Corp.,** New York. Mr. Holt has been employed by Johnson & Johnson for the past eight years in various traffic distribution capacities.

**Claude F. Kilps,** freight rate analyst, has been appointed assistant traffic manager, **Miller Brewing Co.,** Milwaukee, Wis., replacing **John A. Panfil,** retired after 33 years with the company.

**Daniel F. Barczak** has been appointed South Atlantic District traffic manager, and **Jerome E. Barton,** Midwest District traffic manager, **National Can Corp.,** both at Chicago.

**Jack D. Robins,** assistant director of traffic, **Caterpillar Tractor Co.,** Peoria, Ill., has been appointed director of traffic, replacing **E. J. Davis,** who retires Sept. 1.


# Study LOCOMOTIVE MECHANICAL EQUIPMENT MAINTENANCE in spare time at home

The man they respect in most shops is the one who's apt to know the answer when a problem arises. You know a man like that; wouldn't you get a lot of satisfaction and personal pride in being like him? Such knowledge sooner or later always adds to the pay check, and too, pays off in greater job satisfaction and personal pride. And who can put a dollar value on that?

You can be such a man by taking this two-year course for mechanical department employees who want to know more about locomotive mechanical equipment maintenance and repair. Two lessons a month, in simple, non-technical language, guide you swiftly to a better working knowledge of the subject. Your lessons are graded by instructors who give individual, personalized advice as needed. The cost is low and payable in monthly installments. For full information, return coupon.

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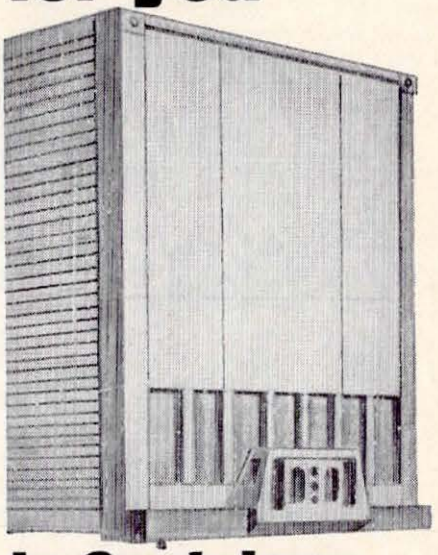

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# BOOKSHELF

**CAR AND LOCOMOTIVE CYCLOPEDIA 1970** edited by Charles L. Combes, retired mechanical editor of Railway Age. (Simmons-Boardman Publishing Corp., 30 Church Street, New York, N.Y. 10007. Price: $25; Book Club Rate for railroaders: $15 with even lower rates for quantity orders.) This 1,074-page volume, the second edition representing a combination of the Car Builders Cyclopedia and the Locomotive Cyclopedia, has again been prepared in cooperation with the AAR Mechanical Division. It incorporates several new features aimed at increasing its usefulness to equipment designers, maintenance officers, operating and traffic officers, and executives.

Unlike previous editions, virtually every car illustration is now accompanied by an equipment diagram. As previously, there are also detailed general arrangement drawings of a selection of cars. The changing railroad passenger situation is reflected in the virtual disappearance of long-haul passenger cars while many new commuter and transit cars are illustrated. Available are descriptions of all contemporary models produced by U.S. and Canadian locomotive builders. A new section details the standards for application of Automatic Car Identification labels. This hardcover book easily takes its place with the 21 editions of the Car Builders Cyclopedia published since 1879 and 15 Locomotive Cyclopedias extending back to 1906.

**JANE'S WORLD RAILWAYS 1969-1970.** (McGraw-Hill Book Co. 330 West 42nd Street, New York, N. Y. 10036, $49.50) The 12th Edition of this volume, with 734 pages, again gives a comprehensive picture of most phases of rail transport throughout the planet. In a preface, Louis Armand, secretary general of Europe's International Union of Railways, says that new technology superimposed on existing railway systems can only mean that this transport mode is fully worthy of a contemporary position with the jumbo jet and largest ocean-going tankers.

"In the world of transport," says Armand, "rail expects to play its part as a safe and punctual means of carriage which cannot be stopped either by fog or by average falls of snow. It is not an enemy of air, road or inland water ways, and asks for only one thing—to be able to carry out its task in a loyal and equitable manner, free from sterile competition."

Despite frequent statements that North America's deteriorating passenger situation is unique, Jane's editor makes an interesting observation: "Passenger traffic in most highly industrialized countries is causing great concern . . . . In Europe the position is not quite as bad [as in the U.S. and Canada], although it is still serious. Branch lines continue to be closed down, or where they are kept open for purely social reasons, the Government usually pays some degree of recompense to the railway to help cover the losses." And despite the success of certain high-speed, inter-city services, "the tendency is towards an overall reduction in the number of passengers carried." Only in Asia, Africa and South America have passenger services escaped the full impact of the airplane and automobile.

The 12th Edition has been rearranged into two main sections. The Supply Industry, 269 pages, gives extensive detail of the manufacturers and suppliers of major railway equipment with illustrations representative of their products. The next 420 pages, The Operating Industry, deal with the individual railways of the world, continent by continent. The 58 transit systems in 27 nations are in the final 46 pages.


Piggyback is a prime piece of business!

Piggyback represents about 5% of the traffic volume of the railroads

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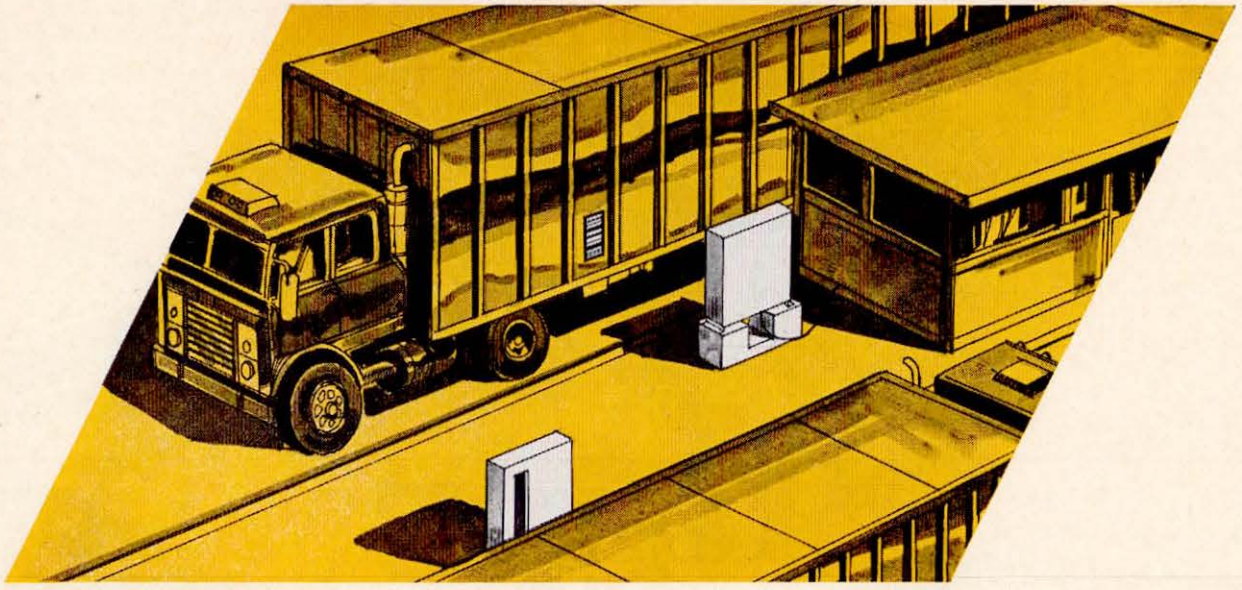
Moral: You should be in Railway Age's **Piggyback/Container Annual Roundup.** October 26, 1970. Advertising closes October 12.

# It takes 2
## for an efficient piggyback terminal



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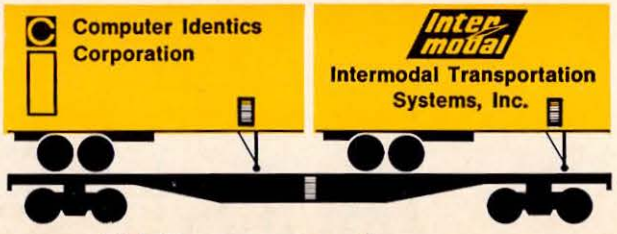
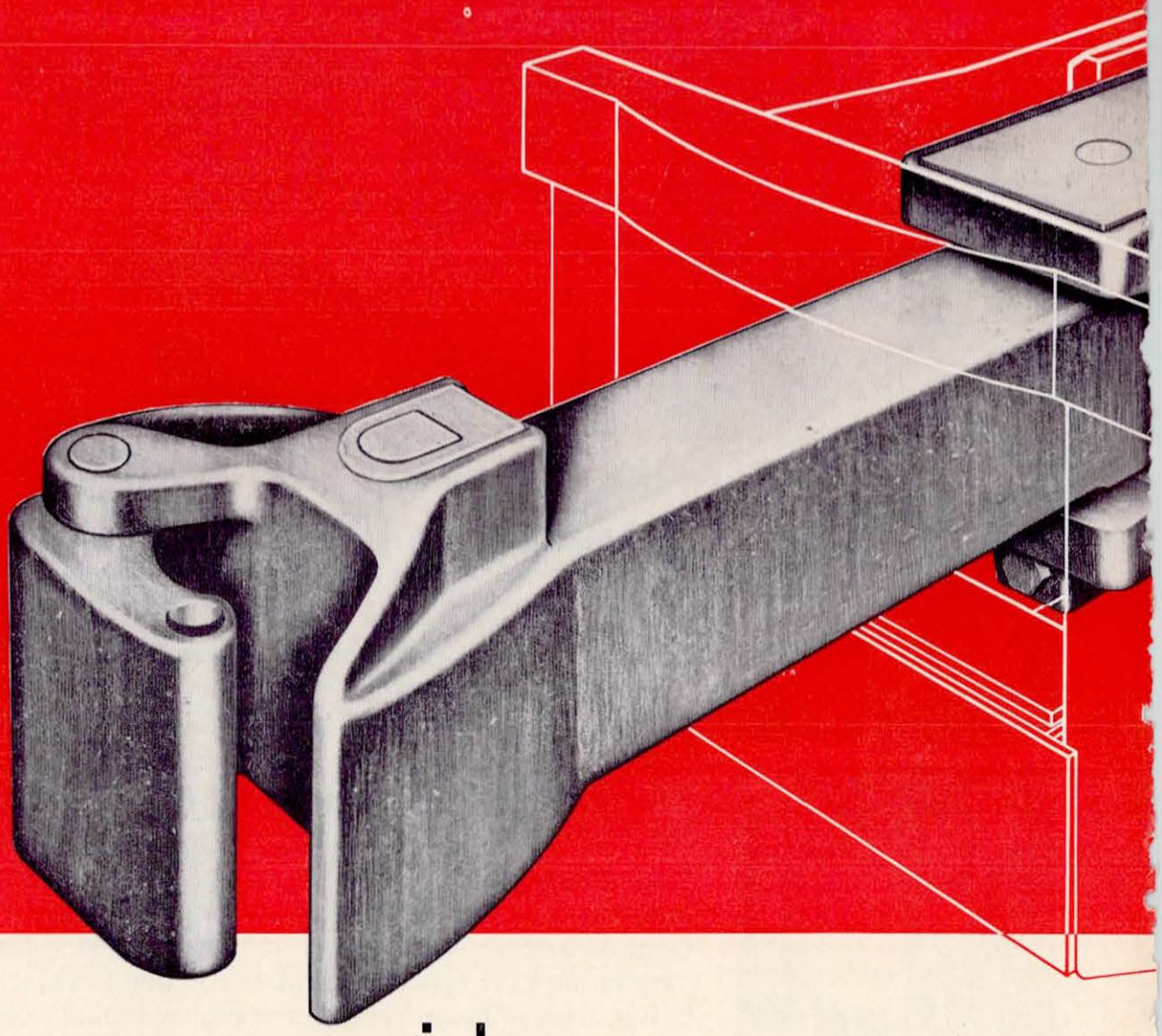



Circle 22 on coupon page 65

# You'll find it EASY to separate the men...



# when you consider these KEYSTONE facts!

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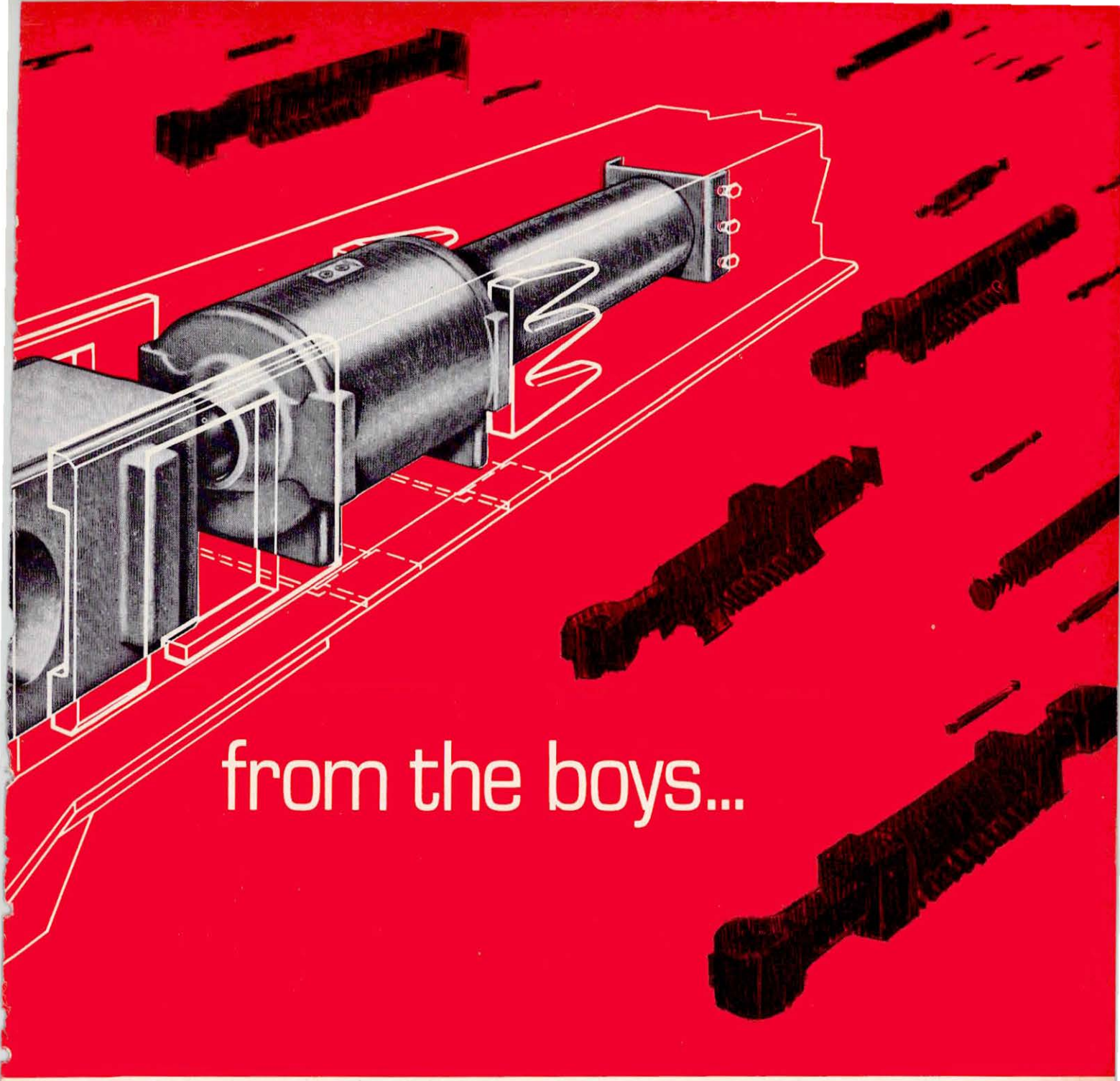

# from the boys...

- **Yoke wearing surfaces protected by hardened steel wear plates**
- **One basic design with two different yokes and cylinders provide ease of inventory control**
- **Minimum number of parts for simplicity of operation**

We'll be pleased to give you complete information with all the facts on KEYSTONE SHOCK CONTROL EOC Units. Call 717/761-3690 or write direct. Take advantage of the fine record of *performance* and *reliability* KEYSTONE SHOCK CONTROL has established.

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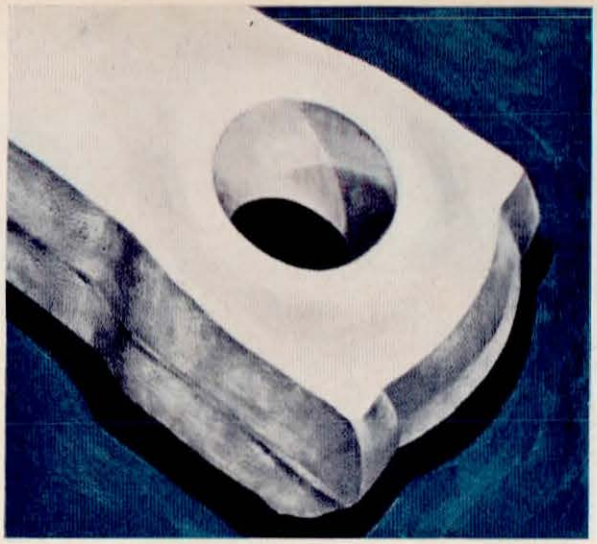

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ASF engineers achieved these remarkable results by eliminating the pin bearing block, improving the structural design and without increasing weight. Our new design is completely interchangeable with standard applications.

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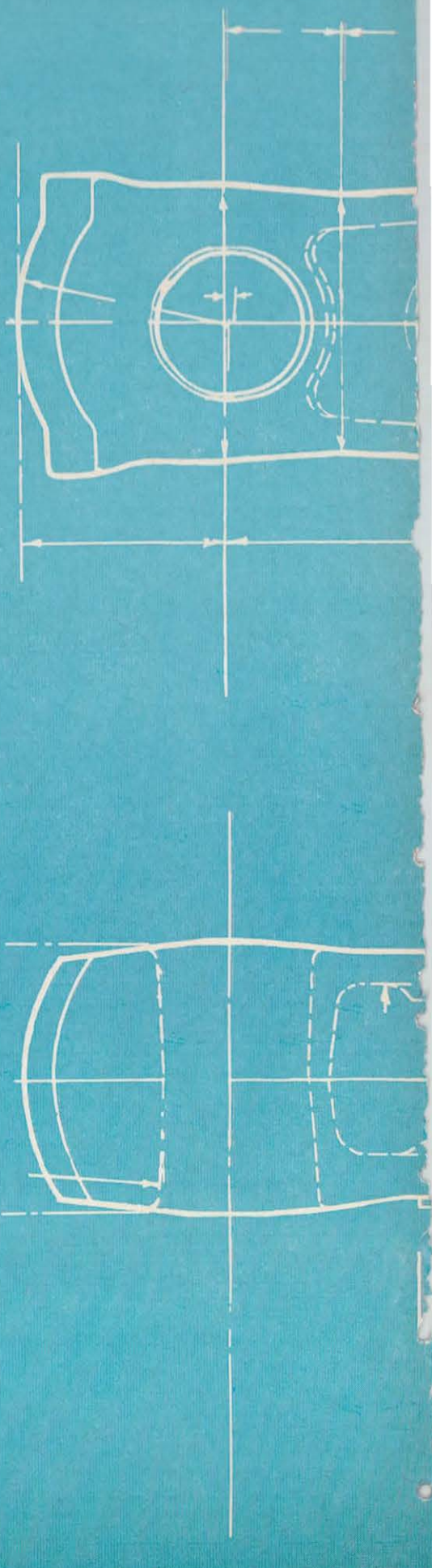

NEW!
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"F" TYPE
WITH
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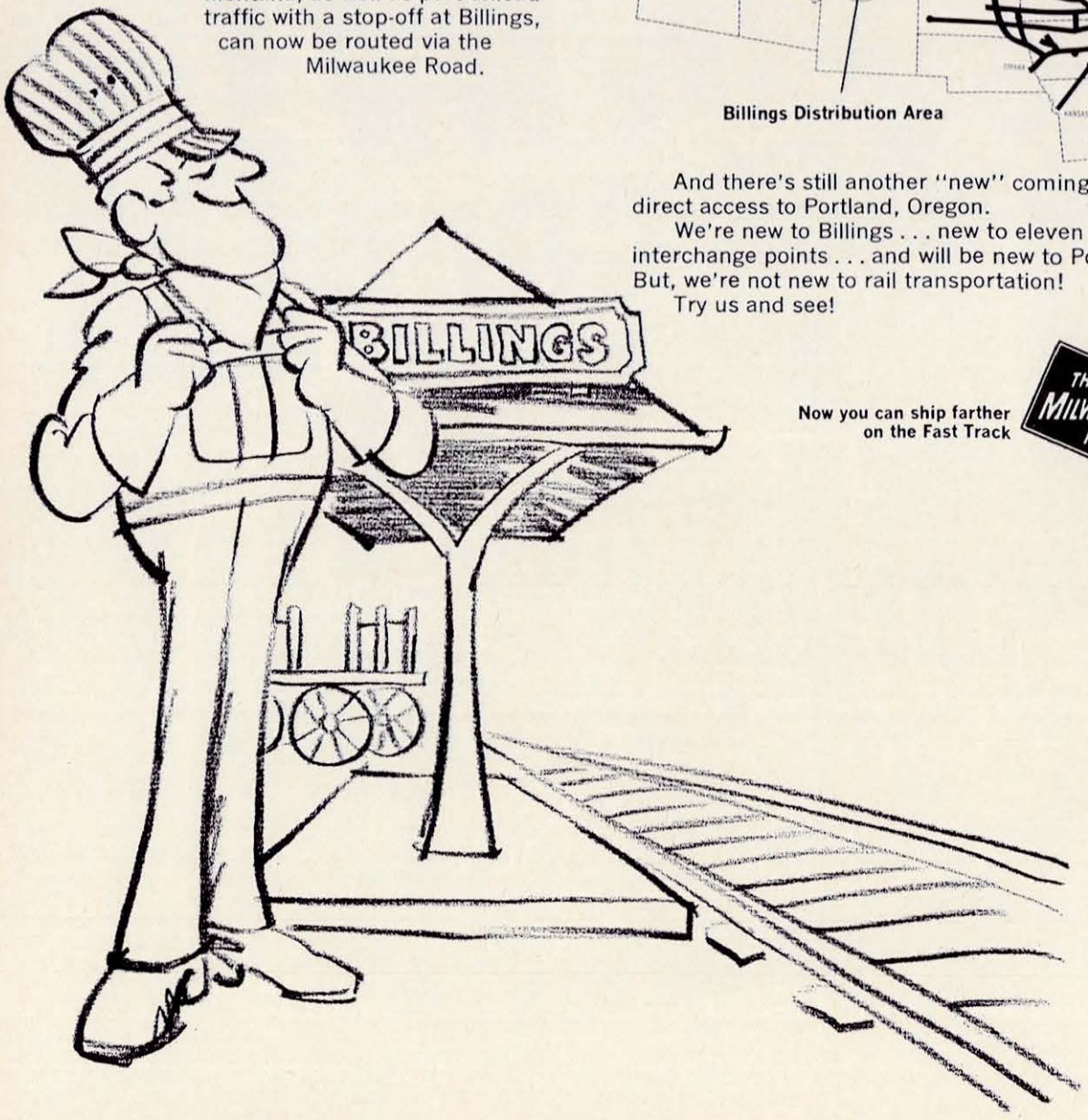
# There's a new citizen in Billings.

And who is this new citizen? It's us, the Milwaukee Road. And we intend to be a GOOD citizen too!

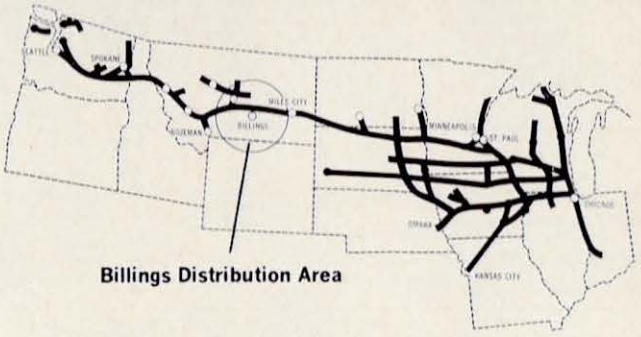
We're restoring competitive rail service to this important distribution center, competition which was eliminated when the Burlington Northern merger became a reality.

And we're providing an additional rate-making railroad to help make this service more competitive.

Carload traffic originating or terminating at Billings, Montana, as well as part-unload traffic with a stop-off at Billings, can now be routed via the Milwaukee Road.




In addition to being new in Billings, we have eleven new gateways open to the interchange of traffic with the Burlington Northern, traffic formerly restricted to the Twin Cities.



Billings Distribution Area

And there's still another "new" coming to us—direct access to Portland, Oregon.

We're new to Billings . . . new to eleven interchange points . . . and will be new to Portland. But, we're not new to rail transportation!

Try us and see!

Now you can ship farther on the Fast Track

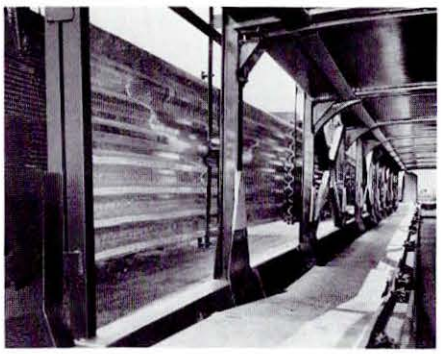
THE MILWAUKEE ROAD

# New Products Report

**Pallet accumulator kit** (RA-1)

With the Palletflo Accumulator Kit, designed for all standard palletizers, palletized loads can be accumulated at the discharge side of the palletizer for fork truck or conveyor pick-up. Pallets expelled by the unit immediately slow down to a uniform speed of approximately 8 fpm. This allows even high, loosely stacked loads to reach the end of the accumulator intact. Speed is controlled regardless of board orientation, projecting nails, or split or warped bottom surface.

The standard 5/16 in./ft slope is satisfactory for any load weight up to 4,000 lb. The kit, adjustable to suit the ejection height of any palletizer, consists of two Palletflo rails and structural supports and hardware. Where supports are already available, rails can be purchased separately. *Kornylak Corp.*



**Auto rack protection** (RA-2)

A protective system for railroad auto-shipping racks is designed to protect new automobiles from in-transit damage caused by debris and vandalism. Carrying the trademarked name Panl-Kar, the system meets all automobile manufacturer specifications.

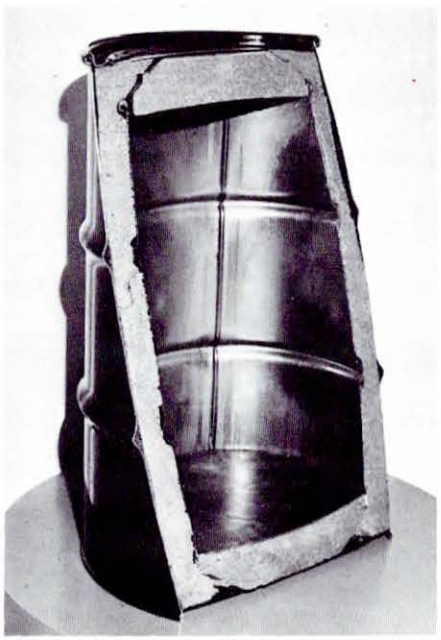
Panl-Kar can be installed on any existing automobile rack. It consists of a series of rectangular corrugated panels fabricated from steel, galvanized steel or fiberglass. Each panel is clamped to the rack side posts over a cushion of neoprene foam which minimizes vibration and reduces panel damage.

The system is available in kit form for installation by independent shops, as well as railroad maintenance personnel. *Whitehead & Kales.*

**Strapping tapes** (RA-3)

Revere self-stick glass fibered filament strapping tapes are said to replace gummed paper tapes, string, wire, metal banding, staples and glues for palletizing, unitizing and sealing cartons. Tapes, applied from roll without wetting, dispenser, or applicator, cannot be removed from cartons without lifting some of carton's paper surface.

Econo-Fil, with a tensile strength of 150 lb per sq in., is suitable for 80% of all strapping jobs. Super-Fil has a tensile strength of 325 lb per sq in. Both types are available in ½-, ¾- and 1-in. widths in 180-ft rolls. *Revere Chemical Corp.*



**Safety container** (RA-4)

A 30-gallon drum secured by elastomeric insulation inside a 55-gallon drum constitutes a basic unit of the Uniroyal Material Container System, designed to prevent shipping and storage accidents. Other sizes and configurations can be produced to meet specific needs. It is claimed that the containers comply with Federal regulations governing transportation of potentially dangerous materials. In a series of tests,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the drums have survived burning, dropping, soaking and attempts at puncture. The container is said to be reusable for a minimum of 20 round trips under normal shipping conditions. *Uniroyal.*

**Hopper door tool** (RA-5)

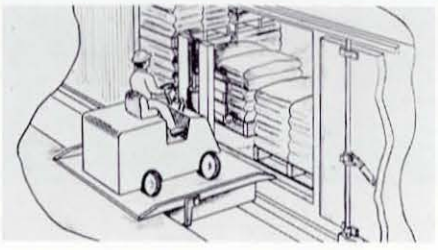
The Aldon Turning Bar has been developed for economical opening and closing of the discharge gates on covered hopper cars. The bar is a heat treated and stress relieved 1 3/8 in. round which is 60 in. long. It is used to propel the slide-type gates by rotating the capstan head of the door operating pinion. The tool is said to produce 600 ft lb of torque and has a slight bend at the end which clears the side of the car and enables an operator to get two "bites" with one setting. *Aldon Co.*

**Crane truck** (RA-6)

A Drott 40 Cruz-Air crane truck with a hydraulic rotating C hook is used to unload rod coils from gondolas. The specially equipped unit reaches into the car and picks up simultaneously up to eight coils, weighing 5000 lb. Coils are then stacked in a storage yard in piles to 15 ft high. *Drott.*

**Pallet truck** (RA-7)

A new, low-cost, compact, walkie pallet truck is highly maneuverable and easy to handle. The power drive, an entirely new concept, combines a 12-volt, high-speed motor, radial gearing and braking inside the large 13-in. traction tire. The pallet truck has deadman braking, slide-glide pallet entry, feathered lowering with speeds up to 3 mph and 10% gradeability. It comes complete with four 195-a.h. golf cart batteries and a built-in 30-ampere charger. Body length is 25 feet. *Blue Giant Equipment Corp.*



**Dock board** (RA-8)

An aluminum dock board designed for use with plug-door cars makes possible complete mechanical unloading. The unit permits rolls, crates and bagged goods packed tightly against the doors of late model box and refrigerator cars to be reached by materials handling trucks. The dock board is fitted with an adjustable converter which allows it to be locked in span positions to accomodate varying car widths. *Copperloy.*

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# Market Outlook

## CARLOADINGS

Loadings of revenue freight in the week ended August 15 totaled 533,994 cars, according to the Association of American Railroads. This was an increase of 4,645 cars, or 0.9%, compared with the preceding week and a decrease of 32,754 cars, or 5.8%, compared with the corresponding week last year. Ton-miles generated by carloadings in the week ended August 15 are estimated at 14.5 billion, 3.1% below the preceding week.

REVENUE FREIGHT CARLOADINGS

| Commodity | Aug. 15 week | Aug. 8 week | Aug. 1 week |
|---|---|---|---|
| Grain | 31,357 | 30,581 | 31,741 |
| Farm products | 11,595 | 11,600 | 11,736 |
| Metallic ores | 50,229 | 52,516 | 51,754 |
| Coal | 108,327 | 102,712 | 88,524 |
| Crushed stone, gravel & Sand | 33,038 | 33,134 | 33,272 |
| Nonmetallic minerals | 10,920 | 10,971 | 10,343 |
| Grain mill products | 18,640 | 17,943 | 18,265 |
| Food & kindred products | 23,513 | 23,398 | 24,337 |
| Primary forest products | 24,496 | 25,589 | 25,951 |
| Lumber & wood products (except furniture) | 14,505 | 14,859 | 15,296 |
| Pulp, paper & allied products | 22,650 | 22,410 | 23,674 |
| Chemicals & allied products | 23,879 | 24,098 | 22,566 |
| Petroleum products | 9,843 | 10,217 | 9,829 |
| Stone, clay & glass products | 21,189 | 21,531 | 21,433 |
| Coke | 7,719 | 7,553 | 7,874 |
| Metals & products | 22,940 | 25,226 | 25,462 |
| Motor vehicles & equipment | 13,535 | 11,393 | 10,533 |
| Waste & scrap materials | 13,782 | 13,244 | 13,866 |
| Forwarder & shipper assn. traffic | 6,847 | 6,785 | 6,782 |
| All other carloads | 64,129 | 62,916 | 64,151 |
| LCL traffic | 861 | 673 | 700 |
| Total cars loaded | 533,994 | 529,349 | 518,089 |
| CUMULATIVE TOTAL, 33 weeks | 1970 | 1969 | 1968 |
| | 17,189,883 | 17,574,725 | 17,801,273 |
| Estimated revenue ton-miles (billions) 33 weeks | 481.8 | 479.3 | 470.5 |

## PIGGYBACK CARLOADINGS

U.S. piggyback loadings for the week ended August 8 totaled 23,760 cars, 6.9% below the comparable week last year and 38,352 trailers or containers, down 9.6% from 1969. Cumulative volume for the first 32 weeks of 1970 is 781,483 cars, 4.3% below the 1969 total, and 1,298,749 trailers or containers, down 2.9% compared with 1969.

## IN CANADA

| 7 days ending | Revenue Cars Loaded | Cumulative Totals |
|---|---|---|
| July 21, 1970 | 74,316 | 2,092,854 |
| July 21, 1969 | 67,126 | 2,012,359 |

## FREIGHT-TRAIN CARS

● *CP Rail.*—Ordered 200 all-steel, 70-ton, drop-bottom ore cars from Hawker Siddeley Canada at a cost of more than $3 million. Delivery is scheduled for next November-December. The cars, each with 1,304-cu-ft capacity, are designed for use in assigned service with International Nickel Co. Ltd. at Sudbury, Ont. The inside loading length will be 25 ft, 11 in.; width will be 9 ft, 8 in. Inside height will be 5 ft, 4 in., and the over-all length of each car will be 31 ft. The cars will generally be of welded construction and will have 10 flush drop doors hinged at the center for dumping commodities outside of the rails.

● *Soo Line.*—Directors authorized acquisition of 300 100-ton-capacity covered hopper cars valued at approximately $4.7 million. Soo notes that the program "will help ease a continuing car shortage and better satisfy demands for grain and potash loading." Deliveries are expected to begin this fall. When they are completed, Soo's fleet of jumbo hoppers will number 1,424 cars.

● *Trailer Train.*—Ordered 100 89-ft, 4-in. low-level cars from Pullman-Standard, and 25 89-ft, 4-in. standard-level cars from Bethlehem. This brings TTX orders for new cars since Jan. 1 to 2,507. On Aug. 10, TTX had 57,288 cars in service or on order.

● *July bad order ratio 0.2% higher than 1969.*—Class I roads on July 1, 1970, owned 1,432,886 freight cars, 12,976 fewer than on July 1, 1969, according to AAR report summarized below. Bad order ratio was 0.2% higher than on July 1, 1969.

| | July 1, 1970 | July 1, 1969 | Change |
|---|---|---|---|
| Car ownership | 1,432,886 | 1,445,862 | −12,976 |
| Waiting repair | 79,290 | 76,352 | + 2,938 |
| Repair Ratio | 5.5% | 5.3% | + 0.2% |

## PASSENGER-TRAIN CARS

● *Chicago South Suburban Mass Transit District.*—Exercised an option to purchase seven additional double-deck commuter cars from St. Louis Car Division of General Steel Industries at a cost of $2,076,000. The option was part of a contract which initially called for the building of 123 of these high-speed cars at a cost of $37,797,000. Scheduled for operation on the Illinois Central, the new cars will replace 44-year-old cars now in service. Deliveries will begin late this year.

● *Metropolitan Transportation Authority.*—Ordered 52 additional cars from St. Louis Car Division of General Steel Industries for use on the Staten Island Rapid Transit system. MTA exercised an option to buy the 52 cars at a cost of $11,402,000 under a contract, signed last February, which initially called for St. Louis Car to deliver 240 new cars for the New York Transit Authority at a cost of $50,939,000. These cars are scheduled for delivery in 1971.

## NEW FACILITIES

● *New Jersey Department of Transportation.*—An apparent low bid of $295,792 has been submitted by the Robert Berry Co. of Riverdale, N.J., on a construction project that will improve commuter-parking and related facilities at Erie Lackawanna stations at Mountain View, Lincoln Park and Towaco.

● *New York City Transit Authority.*—Awarded an $11.6-million contract to DeLeuw, Cather, engineering consultants, for design of the 4.7-mile Second Avenue subway line between 34th and 125th streets. Design work is to be completed in about 18 months; construction is to be finished by 1976. The line will cost $151 million.

● *Norfolk & Western.*—Final phase of a $5 million improvement in Luther Yard at St. Louis will involve installation of over 25 miles of new track. Also scheduled for construction are a new piggyback terminal which will feature side-loading in place of previous circus-loading of trailers; a 20,000 square foot car and locomotive shop; two yard office buildings and a piggyback terminal office. Yard capacity is being virtually doubled from present 900, to 1,750 cars.

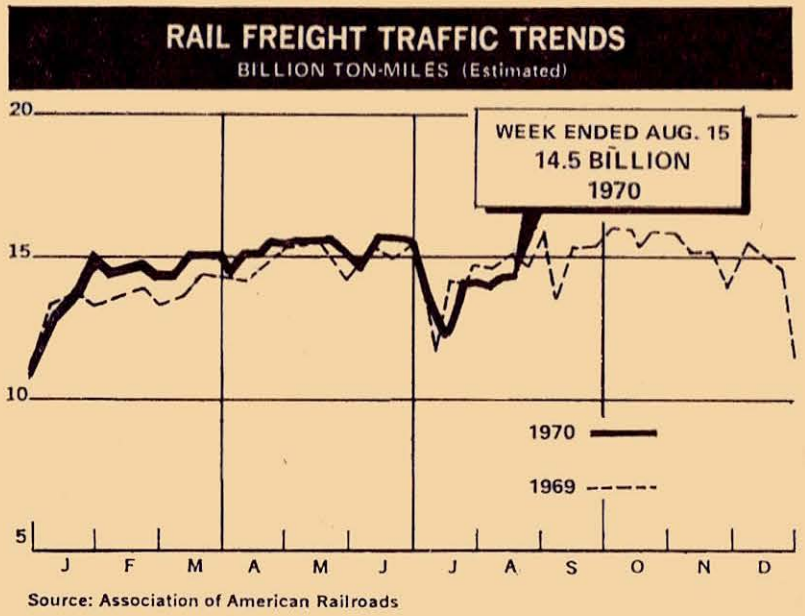
● *Penn Central.*—Opened a new six-track piggyback terminal at Weehawken, N.J., to serve the wholesale meat markets in metropolitan New York area. Capable of accommodating 72 refrigerated highway trailers, the terminal is the first of its kind in the East used exclusively for the delivery and distribution of meats. PC will move trailers on a 26-hour schedule from Chicago to Weehawken in TrailVan trains.

## FOREIGN

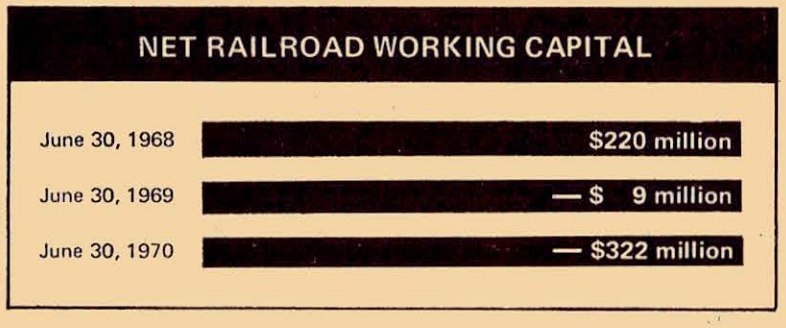
● *Iran.*—The Iranian State Railways have placed an order with General Motors Overseas for 51 GT-26-C 3,000-hp turbo charged diesel-electric locomotives. Delivery is scheduled for late 1970.

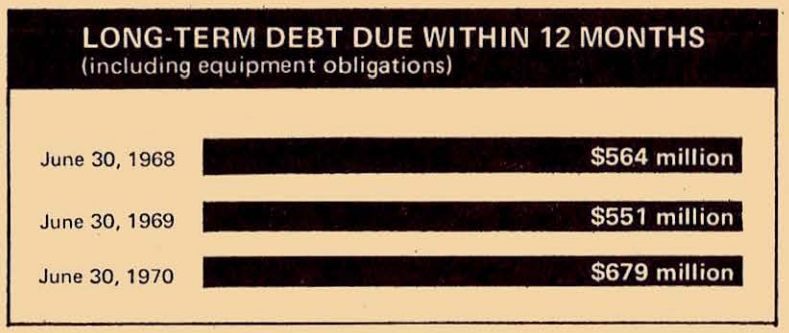
● *Venezuela.*—The Orinoco Mining Co. will take delivery in Aug. 1970 of 4 SD-38 2,000-hp diesel-electric locomotives from General Motors Overseas.

● *Yugoslavia.*—The Diesel Division of General Motors, Canada Ltd., started delivery of 37 G-16 2,000-hp diesel-electric locomotives to the Yugoslav Railways in July.




Source: Association of American Railroads




Source: Association of American Railroads



# Viewpoint

## Needed: A remodeled regulatory process

No part of the ASTRO report is unimportant.

Much that has been written about ASTRO, however, has tended to emphasize the dramatic—the $36-billion investment in plant and equipment which will be needed over the next decade, the proposals for government participation in improving freight-car supply, the recommendations dealing with commuter and intercity passenger service.

Less dramatic but of prime importance is one aspect of the report which may have received less than its due: The section in which the ASTRO team calls for a complete overhaul of transportation regulation in such a way as to encourage managerial initiative and activism and thus to improve the quality of transportation service available to the customer.

ASTRO's proposal calls first for the creation of a new regulatory agency which would provide an equality of regulation of all modes. Pricing experimentation would be encouraged. There would be a quickening-of-pace in regulatory decision-making. Present restraints against formation of intermodal or multi-modal transportation companies would be modified. Experimentation in this area, too, would be encouraged.

Like so much else in ASTRO, its recommendations on regulation make sense. It has become all too evident that fragmented transport regulation is not working, that the ICC-based structure of surface-transport regulation is not working—and that the country is headed for a real mess, if transportation continues to be a laggard instead of a leader in the development and growth of the U.S. economy.

There are, of course, problems which would be created by a broad-scale freeing-up of transportation competition, a freeing-up to permit price and service experimentation. But the problems which might crop up don't seem nearly so overwhelming as those facing all of transportation today.

At this point, the system needs rationalization. To a modest extent, there has been rationalization through merger, but it's not enough. And, while some see nationalization as a short-route to rationalizing, the horrendous costs involved and the bleak prospects for the success of government-operated transportation combine to make nationalization a bad gamble.

### WONDERING ABOUT THE FUTURE

Even a cursory look at Fortune's top-50 list of transportation companies makes you wonder about the future, because the figures set forth are not good at all. In contrast to the top-50 utilities list—which shows an unbroken string of profits—the transportation list is liberally sprinkled with deficits. The ratios—net to revenues, net to invested capital—are grim (and the No. 1 company in both categories is not a railroad, not a motor carrier, not an airline, but Seatrain Lines).

ASTRO and its railroad-industry backers do not attempt to set priorities, as such, in their listing of recommendations. Key items may surface naturally—for instance, those items related to improving car supply. But a remodeling of the regulatory process is also "key." Congress and the Administration should get at it—and soon.

# After eight years, a cost-evidence report

In an effort to improve carriers' cost evidence presented to the ICC and to standardize various transportation cost accounting terms, the ICC issued a 41-page report late last month in an 8-year-old proceeding (No. 34013), "Rules to Govern the Assembling and Presenting of Cost Evidence."

The ICC said it hoped the new rules would result in a general improvement of cost evidence presented to the Commission, and that they would remove "some longstanding inadequacies in our cost terminology and treatment of costs."

The Commission made these findings:

—Approval and adoption of specific cost formulas, with a view toward giving prima facie validity to formula-based costs, was *not* found to be necessary or desirable.

—The investigation concerning the recognition and preservation of inherent cost advantages of truckers, water carriers, and rails will be the subject of a separate report in No. 34013 (Sub. No. 1), "Cost Standards in Intermodal Rate Proceedings."

—The terms "out of pocket costs" and "fully distributed costs" as used in ICC practice will be changed to "variable costs" and "fully allocated costs", respectively, and the noncost elements of profit, income taxes, and for rails the passenger and less-than-carload deficits will be excluded therefrom.

—No single method of allocating constant costs or of apportioning joint or common costs was found universally acceptable.

—To consider the feasibility of additional research into specific cost areas, ICC will create a task force to confer with shippers, carriers, and other government agencies.

—In appropriate circumstances, variable costs, fully allocated costs, and incremental or marginal costs may all be utilized for determining a minimum level for ratemaking purposes. The inclusion of marginal costs had originally been rejected by the ICC examiner, but it was included after rails and shippers objected.

The ICC report noted that a rate should make more than a token contribution to the constant and fixed costs of a carrier, declaring, "All constant costs must be recouped from revenue derived from all traffic if a carrier is to remain solvent. . . ."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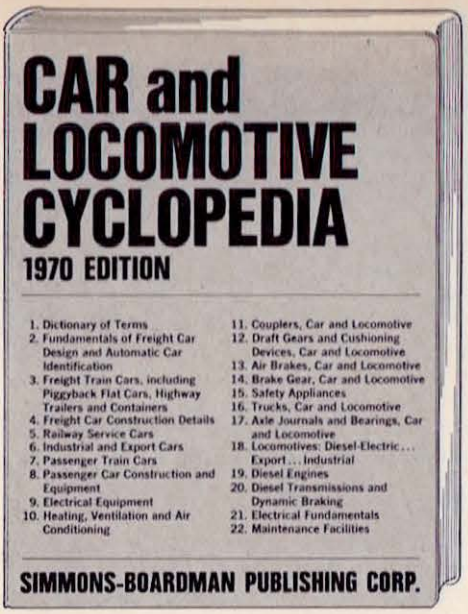
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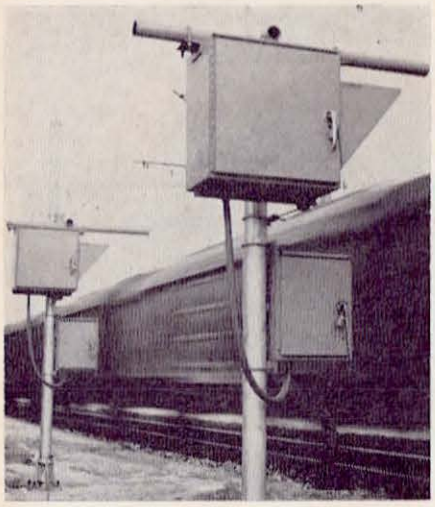

**SYLVANIA SCANNER** on test track near Prague; roads are appraising two systems, including one from Siemens.

## Europe nears ACI decision

Before long Europe's railroads may be facing some of the ACI problems bothering U.S. operators, especially at interchange points. UIC recommendation for adoption of ACI throughout Europe is expected soon. Presently competing for recognition in UIC tests are Sylvania's KarTrak and a prototype Siemens system.

Experiments with the two systems are going on near Prague, on a test track owned by Czechoslovak State Railways.

One of the biggest problems still to be solved is how to detect the presence of unidentified cars in a train. Wheel-counting devices are out—European freight cars vary so much in axle count.

And if what seems to be a simple solution is adopted—fixing temporary labels on unlabelled cars at the border—the whole operation could prove uneconomic.

Sylvania is now trying a method of counting the free spaces between the cars. On the Czech test site a strong light source placed beside one rail was focused through a fresnel lens at the optical scanner on the opposite side. Interruptions of the light by a passing train were counted and the total included with the train consist report.

European railmen have been impressed by the efficiency of KarTrak: even more impressed by what they believe is a relatively low cost. But Siemens thinks it has a winner, too, and expects to prove fully competitive.

## India will invest $2 billion in railways

Indian Railways, the world's second largest railroad, is to press on with its program of modernization, despite all that subcontinent's present economic ills. A five-year plan which commenced last year was called back by the government for drastic revision as a crisis developed in the treasury. IR officers feared massive cuts in their program.

Things have turned out better than they hoped—probably because government sees railroads as a massive aid to economic growth. Total capital investment to 1974 will reach 15.25 billion rupees—nearly two billion dollars. Of this, $806 million will go on new motive power and rolling stock.

Purchases will include 648 main line diesel locomotives, 100 diesel switching units, 340 electric locomotives, 100,000 freight cars and 6,400 passenger cars. A lot of this hardware will be built in India. But they said, there should still be a lot of business to be collected by suppliers with a will.

The Indians plan to press on with electrification. About 1,062 more route miles will be converted, at an estimated cost of $106 million. And about $50 million will go on new signaling and safety installations. Traffic is expected to rise by about 50 million tons above last year's 205 million tons by 1974.

## Britain, France study financing for "Chunnel"

Some people say the English Channel will have dried up before the Channel tunnel rail link with the Continent is built. Others are more optimistic. But even the enthusiasts now believe it will be 1980 before the trains are running.

It's already three years since three rival financing groups submitted their original proposals to the British and French governments—and almost two years since they were asked to work out a modified version on a combined basis.

At long last the new proposals have been submitted. Details are being closely guarded and there are tight lips all around. It seems unlikely that either government will come to a quick decision.

The project—dreamed of for a century—would link the railways of the two countries with 20 miles of undersea tunnel. Diameter of the tunnel would be sufficient to accommodate British and Continental rail stock and specially designed roll-on/roll-off auto ferry trains. Operation would be by electric traction.

Even if the new bid is accepted there are still a lot of problems to be worked out before building begins. One is the method to be used to repay the construction company. Another is how much of the total capital should be raised as equity.

Current estimated cost of the "Chunnel" is $720 million. Four years ago it was $528 million. That's how construction prices are zooming upwards in Europe. U.S. investment banks in the group are believed to include Morgan Stanley, Dillon Read, First Boston and White Weld.

## Rails operate smoothly during Irish "troubles"

There may be troubles in Ireland but they don't affect railroad operation there. Cooperation exists at all levels between the Irish Republic Railroad (CIE) and Northern Ireland Railways (NIR).

In Belfast I boarded a new NIR train for a ride down to Dublin. With me—and a hundred or so others—on the inaugural run was the president of CIE and three members of his board.

Service between the two cities is handled jointly by the two systems—CIE with one train and NIR with one train, each operating twice each way daily.

NIR, with only 200-odd miles of track, has no freight traffic of its own. But it makes a profitable haul of CIE freight cars nightly from the southern border up to Donegal, north-west corner of the Republic. CIE also makes a regular freight run between Dublin and Belfast. ■

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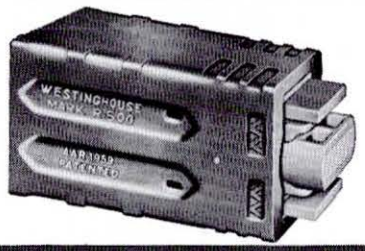


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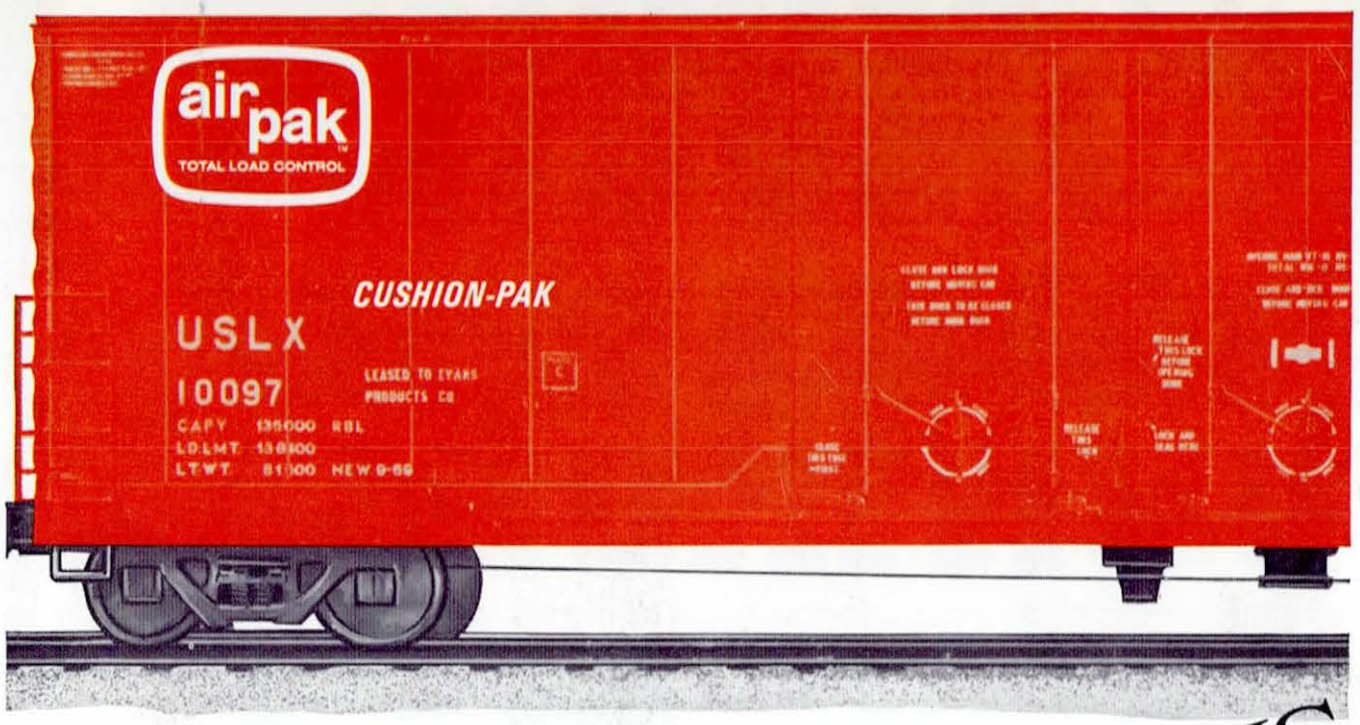


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